

complaint

Mr O says Provident Personal Credit Limited, trading as Satsuma Loans, lent to him irresponsibly.

background

Mr O had two loans with Satsuma. I've summarised some of the information Satsuma provided about the loans in the table below.

Loan no.	Amount	Start date	Term	Payments due
1	£250	09/12/2013	13 weeks	£26.92 per week
2	£400	11/02/2014	26 weeks	£25.85 per week

An adjudicator considered Mr O's complaint but didn't think it should be upheld. Mr O didn't agree with the adjudicator. He said he had a credit card with one of Satsuma's sister companies and he was constantly making late payments on it. He also says the loans '*tipped him into default*' and that he had arrangements to pay with other creditors. Finally, he says had Satsuma verified his income and expenditure (by checking bank statements) it would've been obvious he was borrowing from one lender to pay another.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. We've set out our general approach to complaints about short-term lending on our website and I've taken this into account in deciding Mr O's case.

Satsuma needed to take reasonable steps to ensure that it didn't lend irresponsibly. In practice this means that it should have carried out proportionate checks to make sure Mr O could repay his loans in a sustainable manner.

These checks could take into account a number of different things, such as how much was being lent, the repayment amounts and Mr O's income and expenditure. With this in mind, in the early stages of a lending relationship, I think less thorough checks might be reasonable and proportionate.

Satsuma's checks included asking Mr O questions about his income and expenditure. It says the information it obtained included that Mr O declared income of around £3,500 per month and had monthly outgoings of approximately £1,050. Satsuma also carried out credit checks which show Mr O had no delinquent accounts at the time he applied for his loans.

I think it was reasonable and proportionate for Satsuma to rely on the information Mr O provided for the two loans it approved. As this information suggested the loans were affordable I don't think Satsuma acted unfairly by approving them.

I've considered the points Mr O made in response to the adjudicator. I haven't seen any evidence that Mr O had problems repaying the credit card he mentioned prior to either loan being approved. The detailed credit report Mr O provided shows that there were no late payments to the card before February 2014 – the arrears/arrangement to pay came later in 2014. Similarly, there's no clear evidence of adverse information recorded on other accounts prior to February 2014.

As I've said above, I think Satsuma carried out proportionate checks before lending. This means it didn't need to ask Mr O for further evidence about his income and expenditure – such as his bank statements. And if the loans did contribute to Mr O's financial difficulties, I don't think that was something Satsuma could reasonably have foreseen.

my final decision

For the reasons given above, I do not uphold Mr O's complaint about Provident Personal Credit Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 4 October 2019.

Matthew Bradford
ombudsman