

## **complaint**

Mr P, represented by a claims management company (CMC), complains that Provident Personal Credit Limited (trading as Satsuma Loans) lent money to him that he couldn't afford to repay.

## **background**

Based on the information, Mr P received four loans from Satsuma Loans between December 2016 and March 2018.

Mr P says that at the time of the loans he was in a debt spiral and couldn't afford the loan repayments. He says adequate affordability checks didn't take place before the loans were provided.

Satsuma Loans says that all applications for loans go through a full credit worthiness and affordability assessment using both internal and external data sources. It says that there were no financial difficulties evident when it provided the loans to Mr P and that based on his disposable income the loans were affordable.

Our adjudicator didn't think he had seen enough to say that loans one to three shouldn't have been provided. However by the time of loan four he thought that Mr P's overall pattern of borrowing suggested he had become persistently reliant on short-term loans. He recommended that the interest and charges on this loan be refunded.

Satsuma Loans didn't agree with our adjudicator's view.

### *my provisional decision*

I issued a provisional decision on this complaint. I agreed with our adjudicator that there wasn't enough to say that the first three loans shouldn't have been provided.

In regard to the fourth loan I also didn't think there was enough to say this shouldn't have been provided. I concluded this because although by the fourth loan Mr P had been borrowing for an extended period of time I didn't think at this point it had been for so long that it could be said his pattern of lending itself clearly demonstrated that the lending was unsustainable. I also thought the checks carried out at this time were reasonable and given these suggested the loan was affordable, I didn't find I could say the loan shouldn't have been given.

Mr P didn't accept my provisional decision. He said that he had numerous other loans at the time Satsuma Loans was lending to him.

## **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 - including all of the relevant rules, guidance and good industry practice - on our website.

Satsuma Loans 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 that Mr P could repay the 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 the consumer'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.

In this case, as I set out in my provisional decision, I didn't think that Mr P's borrowing had reached a point where the pattern alone showed it was unsustainable. I note the comments Mr P has made about having other short term loans at the time. But I think that the checks carried out before the loans were provided were reasonable and as these didn't raise concerns about the affordability, I don't find that I have enough to uphold this complaint.

### **my final decision**

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 6 December 2019.

Jane Archer  
**ombudsman**