

## **complaint**

Mr A says Provident Personal Credit Limited (trading as Satsuma) irresponsibly lent to him.

## **background**

Satsuma provided Mr A with a loan for £400 in March 2018. The loan was due to be repaid in three monthly instalments of £196.80. Mr A hasn't repaid any part of the loan and so the loan balance is still outstanding.

Our adjudicator didn't uphold Mr A's complaint and thought that Satsuma didn't irresponsibly lend to Mr A. Mr A through his representative disagreed and the complaint was passed to me.

## **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 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 A 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.

Before Satsuma lent to Mr A, it says it asked him about his monthly income and his normal living costs. It also says it searched Mr A's credit file. From what I can see, Mr A declared his income as £1,700 and his living costs as £230. Satsuma has provided evidence to show that it added a buffer of £233.12 and so it worked out Mr A's disposable income as £1,236.88.

Satsuma has provided the results of its search of Mr A's credit file and Mr A has also provided a copy of his credit report and from what I can see, Mr A had no defaults or bankruptcies recorded on his file. But I can see that he was in payment arrears on two of his credit accounts.

Given that this was Mr A's first loan with Satsuma and Mr A's repayments were relatively small compared to his declared income, I think the checks went far enough. There's nothing from the checks Satsuma carried out that show Mr A couldn't afford the loan or that should've prompted Satsuma to take its checks further. I accept that Mr A was in arrears with two of his credit accounts but I don't think that on its own should've stopped Satsuma lending to him.

I've seen evidence that Mr A was gambling significantly and he was having other problems managing his money. But this wasn't something Satsuma was aware of at the time of the loan and I wouldn't have expected it to find this out from what I consider are proportionate checks in the circumstances. So I don't think Satsuma incorrectly lent Mr A this loan.

Satsuma became aware about Mr A's gambling in June 2018 and I've considered how it treated him when it became aware of his related financial difficulties. I can see that it suspended his account for a period of time and it hasn't added further interest or charges since Mr A has been unable to repay the loan. I think that was a reasonable thing for Satsuma to do.

I've also considered whether it would be fair for Satsuma to write off this loan but given what I know about Mr A's circumstances and Satsuma's lending decision, I don't think this would be fair. As I said earlier, Satsuma hasn't irresponsibly lent this loan and although it's likely to take Mr A sometime to repay it, I think there are prospects of him repaying.

I'd remind Satsuma of its duty treat Mr A sympathetically and positively and work with him to agree a repayment arrangement, given his circumstances.

**my final decision**

For the reasons given above, I don't uphold Mr A's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 18 October 2019.

Oyetola Oduola  
**ombudsman**