

complaint

Mrs P is unhappy Provident Personal Credit Limited, trading as Satsuma, carried out a 'hard' credit search when she applied for a loan. Mrs P says Satsuma should only have carried out a 'soft' search.

background

Mrs P applied for a loan with Satsuma, having been directed to it by a broker website. The loan wasn't approved by Satsuma. Mrs P contacted Satsuma to say she wasn't happy it had recorded a hard search on her credit history because the broker site hadn't said this would happen.

Satsuma responded as follows:

"I can confirm, when you apply for a loan via a broker, the broker conducts a soft credit check, which is a broad check on your credit file that does not leave a footprint. However, this does not fully take into account all the information on your credit file; only a small portion of the information on this.

The broker then matches you to lenders whose criteria you may potentially meet, and redirects you to their websites where you can perform a full application.

When you make a full application with Satsuma we will carry out a hard credit check, which takes into account all the information on your credit file and is the best way of assessing an applicant."

An adjudicator considered Mrs P's complaint but didn't think it should be upheld. Mrs P didn't agree – she thought the application process was unclear and unfair, particularly because the information she saw suggested there would be no effect on her credit history. As no agreement was reached, the complaint was passed to me to decide.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. I've taken into account the law, good industry practice and any relevant regulations at the time.

I need to start by explaining to Mrs P that I can't hold Satsuma responsible for any information provided by the broker. If Mrs P feels that the broker website misled her in any way, she'll need to take that up with the broker directly.

I've looked at Satsuma's website and I don't think it gives any guarantees that it can approve a loan without a full credit history check. I can see that Satsuma offers a service which gives an indication of whether an applicant is likely to be accepted for a loan by using a soft search. But to proceed with a full application, Satsuma carries out a full credit history search. I note that this information is available on Satsuma's website.

I don't think it would be reasonable to expect a responsible lender to not carry out a full credit search before lending – Satsuma would arguably have been acting irresponsibly had it not carried out that search.

Even if Satsuma had made it clearer to Mrs P that it would carry out a hard search, I'm not persuaded that, having been told it was likely the loan would be approved, Mrs P wouldn't have applied for the loan. It appears she was interested in borrowing the money, so I think it's likely she would've proceeded to make her application.

The relevant rules for reporting information to credit reference agencies require that the information reported be complete and accurate. As Mrs P proceeded to make a full application with Satsuma, it's reasonable that Satsuma reported this to the relevant agencies. And it follows that I can't fairly ask it to remove the information it has reported.

I know this outcome will disappoint Mrs P – but I am not able to uphold her complaint.

my final decision

For the reasons given above, I do not uphold this complaint against Provident Personal Credit Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs P to accept or reject my decision before 5 February 2020.

Matthew Bradford
ombudsman