

complaint

Mrs M says Provident Personal Credit Limited, trading as Satsuma, lent to her irresponsibly.

background

Mrs M had one loan with Satsuma in January 2018. It was for £1,000 and was repayable in 12 monthly instalments of £166.

An adjudicator considered this complaint and didn't recommend it be upheld. She thought Satsuma had done enough to check whether the loan was affordable and that it wasn't wrong for Satsuma to approve it.

Mrs M didn't agree with the adjudicator, so 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.

Satsuma was required to lend responsibly. In short, this meant it had to carry out proportionate checks to understand whether the lending was sustainable. What's proportionate could depend on a number of factors, such as the size of the loan, the income and expenditure of the applicant, and their credit history.

Mrs M declared a monthly income of £2,100 when applying for the loan and total monthly outgoings of £500. So on the face of it, the monthly payments of £166 were easily affordable.

I think it is likely Satsuma would've seen, from the credit check it says it carried out, that Mrs M's credit commitments may have been higher than she declared. It's not clear to me exactly what credit reference data Satsuma had, or how it took it into account. But it did assume Mrs M's outgoings were about twice what she declared when making its lending decision. I think this extra assumed expenditure is enough to take into account any credit commitments Mrs M didn't include in her declared outgoings.

Having considered everything, I think Satsuma's checks were proportionate in the circumstances. As the proportionate checks suggested the loan was affordable, I don't think Satsuma was wrong to approve it. I'm not therefore upholding this complaint.

It seems Mrs M may still be in financial difficulty. I remind Satsuma of its ongoing obligation to treat her positively and sympathetically and hope both parties are able to engage in a constructive dialogue about the outstanding debt.

my final decision

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 M to accept or reject my decision before 15 February 2019.

Matthew Bradford
ombudsman