

complaint

Miss H complained that a 'default' notice was incorrectly applied to her credit file by Provident Personal Credit Limited, trading at the time as Satsuma Loans. For consistency I'll refer mainly to "Satsuma" in this decision.

Miss H borrowed a short-term loan from Satsuma in 2016. It seems she encountered financial difficulties associated with the borrowing and wasn't able to keep up with the payments. Her complaint, however, is specifically about a default notice which Satsuma placed on her credit file because she hadn't repaid the borrowing in accordance with the credit agreement. Miss H says this default was applied incorrectly and unfairly. She says this has exacerbated her problems and caused her distress.

background

I issued a provisional decision (summary attached) in June 2020, setting out why I thought the complaint should be upheld. And I asked both parties to provide any further submissions or information to me within a certain time.

my findings

I've reconsidered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. I haven't received anything back which alters my view so I'm not going to change the approach I took in the provisional decision.

what Satsuma should do

The default notice to be completely removed from Miss H's credit file as it was incorrectly and unfairly applied.

my final decision

I uphold Miss H's complaint and I direct the default notice to be completely removed from Miss H's credit file. Under the rules of the Financial Ombudsman Service I am required to ask Miss H to accept or reject my decision before 7 August 2019.

Michael Campbell
ombudsman

summary – provisional decision

complaint

Miss H complained that a 'default' notice was incorrectly applied to her credit file by Provident Personal Credit Limited, trading at the time as Satsuma Loans. For consistency I'll refer mainly to "Satsuma" in this decision.

background

Miss H borrowed a short-term loan from Satsuma in 2016. It seems she encountered financial difficulties associated with the borrowing and wasn't able to keep up with the payments.

Her complaint, however, is specifically about a default notice which Satsuma placed on her credit file because she hadn't repaid the borrowing in accordance with the credit agreement. Miss H says this default was applied incorrectly and unfairly. She says this has exacerbated her problems and caused her distress.

I'm very sorry Miss H has had to wait a long time to get to this stage. Satsuma hasn't dealt with her complaint very well in my opinion. Nevertheless, one of our adjudicators looked at her complaint a while ago and thought it ought to be upheld. But because Satsuma hadn't supplied very much information in responding to the complaint points, another adjudicator re-visited the case and said they didn't think there was enough to uphold it.

The complaint has therefore come to me for an ombudsman's decision. Because of the conflicting views I'm going to issue a provisional decision which means I'm giving the parties a final chance to submit any further evidence or information if they want to. They have until 3 July 2020 to do this, after which I intend to issue my final decision.

my provisional findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

It seems the original default notice was placed on Miss H's account on 12 December 2016. Miss H says she subsequently asked Satsuma for a copy of the default letter as she couldn't recall ever receiving it. She was told Satsuma wasn't able to provide such a copy. Satsuma has said the letter was sent out on 12 December 2016 telling her it intended to default her file in 28 days time if she didn't take action.

Miss H says that when she later looked at her credit file, she noticed that the default showed as being applied on 12 December 2016 - the same date that the default letter was evidently sent out. Miss H's case is therefore that she wasn't given an opportunity to deal with this before the default was added; as it was done straight away and without proper notice.

Satsuma issued a final response to Miss H confirming that the notice of default letter was indeed issued on 12 December 2016 and it would have allowed a period of 28 days for her to get in contact to clear the arrears, or put an arrangement in place to avoid the default being applied.

However, we now know that this was applied incorrectly. Satsuma admits that, upon reviewing Miss H's account, the default was issued on her credit file also on 12 December 2016. As I've said, the established practice is that consumers are given a further 28 days to address the issues set out in these types of letter and we know Satsuma's template default letters did normally refer to this. So the default should not have been placed on her credit file on 12 December 2016 because that's obviously the same day as Satsuma says it sent out the letter. The default should not have taken effect until 9 January 2017 at the earliest.

Satsuma seems now to recognise an error was made in this regard and has agreed to correct it. But Miss H still contends that she didn't receive any letter.

We requested information on exactly what action Satsuma took but it is unable to provide a copy of the default letter it says was sent. It implies that as it was sent to Miss H, no other copy is available and instead sent us a generic template of a letter it typically sent to customers like Miss H at the time. It also sent a 'screenshot' of a computerised note stating a default had been issued on 12 December 2016.

I have considered all this with care. However, the computerised note doesn't have enough information, in my view, to say that a proper default letter was sent to Miss H in the correct way. I find it somewhat implausible that no copy of that original letter, showing it was correctly addressed for example, is available. Taking these things into account – and also noting the very basic mistake of

issuing the default without proper notice on the same day Satsuma says it sent her a letter– I find Miss H's recollections more plausible than those of Satsuma's.

I can see we've tried several times to engage with Satsuma by requesting more clarity. But in short, I consider it more likely that the default notice was incorrectly and unfairly issued on 12 December 2020. I also find this was most probably done without an explanatory letter being sent to Miss H giving the correct notice. The evidence put forward by Satsuma that any such letter was ever sent is far from being comprehensive and falls substantially short of what I'd expect to see.

what Satsuma should do

Subject to any replies to this provisional decision, I intend to direct the default notice to be completely removed from Miss H's credit file as it was incorrectly and unfairly applied.

my provisional decision

I am intending to uphold Miss H's complaint and direct Provident Personal Credit Limited to put things right as set out above.

I will consider any further information from either party, providing I get it by 3 July 2020. After that I'll issue a final decision.