

complaint

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

background

Mr B had one loan with Satsuma, commencing 21 July 2017. He borrowed £120 and it was repayable over three months in instalments of about £59 per month.

Our adjudicator considered the complaint but didn't recommend it be upheld. Mr B didn't agree 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. We've set out our general approach to complaints about short-term lending on our website and I've taken this into account in deciding Mr B's case.

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 B could repay his 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 Mr B'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.

I've seen that Satsuma assessed Mr B's income and expenditure when he applied for the loan. Mr B declared income of £1,200 per month. Satsuma recorded expenditure of £418 per month, which included zero housing expenditure and 'financial commitments' of £350. This left disposable income of £782 per month. Satsuma also applied various 'buffers' and 'safeguards' to reduce Mr B's disposable income to a lower figure for the purposes of assessing the affordability of the loan.

I think Satsuma's checks were proportionate in the circumstances of the loan and its decision to lend was reasonable. It was reasonable for Satsuma to lend on the basis of the information provided by Mr B and this information suggested the loan was affordable.

I'm sorry to hear Mr B was suffering from poor mental health at the time. But I've not seen that Satsuma was (or ought to have been) aware of this before it lent to him. So I can't fairly say this is something which should've affected Satsuma's decision to lend.

As I've found Satsuma's checks were proportionate and its decision to lend was reasonable, I am unable to uphold Mr B's complaint.

my final decision

I do not uphold Mr B's complaint against Provident Personal Credit Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 4 November 2019.

Matthew Bradford
ombudsman