

## **complaint**

Mr D and his representative complain that Provident Personal Credit Limited (trading as Satsuma Loans) didn't carry out proper affordability checks and irresponsibly granted him an unaffordable loan when he was unemployed and had personal and financial issues. They want the loan written off or an interest free payment plan.

## **background**

Our adjudicator felt this complaint shouldn't be upheld as Satsuma Loans hadn't done anything wrong. It'd done enough checks before lending and there was nothing to suggest Mr D was experiencing payment problems or that it knew of his personal issues.

Mr D's representative doesn't agree and has asked for an ombudsman review. In summary she says if Satsuma Loans had seen Mr D's bank statements it would've seen he'd no disposable income and had other relevant personal and health issues. It didn't question the information Mr D gave about his income and expenditure as it should've done. Mr D's other payday loans have all been sorted out with the lenders. He never received the expenditure form from Satsuma Loans. The loan wasn't affordable for him and shouldn't have been given.

## **my findings**

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

Mr D took out a £600 loan in July 2016. It was repayable by 24 weekly instalments.

Before lending to Mr D, Satsuma Loans had to make sure the loan was affordable. There aren't set checks it had to carry out. But its checks should've been proportionate to things like – but not limited to – the size of the loan, the repayments and what it knew about Mr D.

Satsuma Loans says it carried out checks with credit reference agencies. These showed Mr D had taken out three other unsecured loans in the previous six months but there were no defaulted payments. The checks didn't show Mr D wasn't working or couldn't afford the repayments. And the fact that Mr D had taken out other loans in the past and may've still been paying some back didn't necessarily mean he shouldn't have been given this loan.

Satsuma Loans also relied, as it was entitled to do, on the information Mr D gave. He declared an income, some expenses and a high disposable income. Although this information may not have been entirely correct there's nothing to suggest any reason why Satsuma should've doubted what it was told.

There was also nothing to suggest to Satsuma Loans that Mr D had personal or health issues which might've affected his ability to repay the loan or suggested it wasn't affordable or shouldn't have been given.

Mr D's representative says Satsuma Loans should've asked more questions, asked for proof of income or seen his bank statements. But it wasn't obliged to do so. And I agree with the adjudicator that there wasn't anything in the information it had suggesting it should've had concerns about lending to Mr D or that more checks were called for. The information it had suggested the loan was affordable.

Taking everything into account I think Satsuma Loans' checks were proportionate and I can't fairly conclude on the information it had the loan appeared unaffordable or shouldn't have been granted.

Although I recognise Mr D's representative's strength of feeling, I don't think I can reasonably require Satsuma Loans to write off the debt as she'd like. Mr D has had the benefit of the money he borrowed and its fair he pays it back.

I also think Satsuma Loans acted reasonably when contacted by Mr D and his representative about setting up a repayment plan. He was given further contact information and later sent an income and expenditure form. It's unfortunate if this didn't reach him in the post but I can't hold Satsuma Loans responsible for that. And without a completed form it couldn't arrange a repayment plan.

Overall I don't see any compelling reason to change the proposed outcome in this case.

### **my final decision**

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 5 June 2017.

Stephen Cooper  
**ombudsman**