

## **complaint**

Mr D complains that Provident Personal Credit Limited (trading as Satsuma) lent him money even though it should have realised the repayments were unaffordable to him.

## **background**

Mr D had three instalment loans from Satsuma taken out in July, November and December 2017.

Satsuma said the loans were affordable to Mr D based on the information he'd declared. It said the repayments were low and there were no issues with the checks it carried out about which it was concerned.

Our adjudicator did not recommend the complaint should be upheld. She found that Satsuma had asked Mr D about his income and outgoings and checked his income before approving the loans. She considered the checks went far enough given the repayments were small compared to Mr D's income. So she couldn't conclude that Satsuma should have found the loans to be unaffordable for Mr D.

Mr D responded to say, in summary, that Satsuma should have identified from his credit file he was struggling, had a poor credit score and was in debt with other short-term loan providers. So, he said, it was irresponsible to approve the loans.

## **my findings**

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

Satsuma was required to lend responsibly. It should have made checks to make sure Mr D could afford to repay the loans before it lent to him. Those checks needed to be proportionate to things such as the amount Mr D was borrowing, and his lending history. But there was no set list of checks Satsuma had to do. For example It didn't have to look at Mr D's credit file.

For loan one of £150 Mr D told Satsuma he was earning around £1,400 per month and his outgoings were £510. The monthly repayment of around £73 was a small proportion of Mr D's declared income and looked affordable on the figures he gave. I'm satisfied that this information, combined with the income and identity check, was enough information for Satsuma to make its lending decisions. Mr D repaid the loan in full and on time at the end of October.

Mr D asked for another loan of £150 in November. For this second loan Mr D gave the same figures. Given Mr D had repaid the first loan without any apparent difficulty, I agree with the adjudicator that at this stage, together with the income check it was reasonable to rely on what Mr D said about his finances.

Before this loan was repaid Mr D asked for a further loan of £300. This increased his monthly repayment to around £150. But on the figures he had given this looked affordable. Mr D didn't at this stage show a pattern of increasing sequential borrowing and he appeared to be managing to repay his loans without difficulty. Overall, I think that the checks that Satsuma did here were enough.

I acknowledge Mr D says that at the time of the loans he'd had other lending which would have shown on his credit file. I accept Mr D was borrowing from other short-term lenders and was in difficulty, but I don't think proportionate checks should have included specific questions about Mr D's other short-term commitments at this stage. I think Satsuma was entitled to rely on what Mr D said about his income and outgoings taking into account his borrowing and repayment history.

In summary, I find Satsuma carried out enough checks before approving the loans. Mr D had a high income relative to his repayments and he'd repaid loans in full and on time. If the lending had continued then I would have expected further checks but I can't say that Satsuma was wrong to give Mr D the loans it did.

**my final decision**

My decision is that I do not 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 14 June 2018.

Emma Boothroyd  
**ombudsman**