

Complaint

After Mr F took a loan from Provident Personal Credit Limited (trading as Satsuma) he wanted to repay it via cash repayments following problems with his bank account. He says Satsuma wouldn't accept cash payments and it reported a default on his credit file.

Background

In response to Mr F's complaint Satsuma told him that after his first payment was missed there were numerous telephone calls between Satsuma and Mr F where he'd been given the correct advice – that being Mr F couldn't make repayments via cash and he was given information about alternative payment methods. And, as no repayments were made, Satsuma was correct to default the account. Mr F was unhappy with this response so brought his complaint to this service.

Our adjudicator reviewed Mr F's complaint and she thought that Satsuma hadn't made an error. She said we'd asked Satsuma for copies of the calls between it and Mr F. But, these weren't provided. However, based on the call notes that we did have, she was satisfied that Satsuma told Mr F that it wouldn't accept cash repayments and it had provided alternative repayment methods. So she thought Mr F had been treated fairly.

Mr F didn't agree with the adjudicator's assessment. In response Mr F's father said that Mr F had the funds to pay the loan but because of fraudulent activity on his bank account he had no other means to pay – other than cash directly into Satsuma's bank account. Which he says Satsuma wouldn't accept. He also says Mr F shouldn't have been prevented from repaying the debt and by not doing so this led to further interest being added.

As no agreement could be reached, the case has been passed to me to issue a final decision.

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 - including all of the relevant rules, guidance and good industry practice - on our website.

To begin with, Mr F has not complained about whether Satsuma was right or wrong to have granted him the loan. Instead, the complaint focuses on whether Satsuma should've accepted a cash payment to settle the account and whether it did anything wrong when it defaulted the account.

Repaying the account

Mr F's father has told us that they have a log of all the calls between Mr F and Satsuma, which can only be posted to us. I've made reference to certain phone calls below that Satsuma has provided me details of. But I'm satisfied that the call logs it has provided provides an overview of what has happened between Mr F and Satsuma.

Mr F took a loan of £640 to be repaid over three monthly repayments of £314.88 and the first payment was due on 17 July 2018. However, this payment wasn't made and Mr F later informed Satsuma (on 20 July 2018) that he'd been away and there had been fraudulent

activity on his bank account – so he was waiting for a new bank card. But the call notes suggest that Mr F agreed to make the payment via bank transfer.

On 26 July 2018 I can see from the notes from another call between Satsuma and Mr F that, again at this point Mr F told Satsuma about the fraudulent activity on his account and the notes indicate that he'd instruct his bank to make a transfer.

Over the course of the next six weeks there were at least three telephone calls between Mr F and Satsuma. It seems Satsuma made enquiries about why it hadn't received the repayment. Mr F said he was going to open a new bank account but said he'd arrange a bank transfer. But by the end of August he told Satsuma that he had the funds available to repay the loan but wanted to pay cash.

Based on Satsuma's call notes, there doesn't appear to be any contact between the parties in September but there were calls in October. Mr F says he needs to pay via cash. At this point, the notes suggest that Satsuma provided Mr F with its accounts details (to enable a third party to pay) and it also seems that it confirmed a postal order could be made.

There were then at least a couple of further calls in November 2018. By this point, it seems that Mr F was becoming frustrated because he was receiving text messages from Satsuma requesting payment and Mr F reiterates that he can only pay cash. Following these calls Mr F appears to have raised his complaint.

Based on the call notes that I've seen, these do suggest Satsuma has been consistent in saying that the loan repayments can't be made via cash. But even if Satsuma had suggested at some point that payments could be made via cash deposit, – I'm satisfied that generally its response has been consistent that this isn't one of the payment methods it accepts.

So while I appreciate Mr F wants to make his loan repayments via cash, I'm satisfied that Satsuma has been clear in outlining that it won't accept this payment method. In any event, the matter of how loan repayments are made is a matter for Satsuma. It seems to have taken a decision that it doesn't wish to accept repayments by cash and this service doesn't have the power to compel a business to amend its practices in order to accept a cash payment.

It also seems from the telephone calls that Satsuma provided Mr F with alternative payments methods – such as a bank transfer or postal order. In the circumstances, that was the correct thing to do given it was aware of some problems Mr F was having with his bank. And it seems, at least early on, that Mr F was willing to use a different method. Albeit, it seems this could've been complicated by the fact he worked abroad.

Ultimately, Mr F borrowed money from Satsuma, and this has to be repaid. Although Mr F wants to pay with cash, Satsuma says this isn't possible, so another repayment method will need to be found. And it did provide alternative payments means – which I consider to be reasonable. It is now the responsibility of Mr F to ensure that any outstanding balance is repaid.

Credit file

Satsuma says that as a result of it not receiving any scheduled repayments it issued the notice of default on 28 October 2018. The default date likely being recorded with the credit reference agencies would have been around 28 days later.

I do understand that Mr F told Satsuma that he was having problems with his bank account, but that doesn't mean that Satsuma was wrong to have defaulted the account. Mr F's first payment was due in July 2018 and this wasn't made. Indeed, it doesn't appear that any repayments have been made in the intervening two years.

The Information Commissioner's Office (ICO) is the body who has responsibility for making sure information reported to credit reference agencies is correct released a document called "*Principles for the Reporting of Arrears, Arrangements and Defaults at Credit Reference Agencies*". This explains to lenders what and how information should be recorded – and how and when defaults should be applied.

Satsuma is entitled to default an account when at a minimum the account is at least three months in arrears (principle 4 of the ICO guidance). So given the date the default notice was issued – that being more than three months after the first repayment was due - I can't say that an error has been made here.

Equally, the relationship between the parties needs to have broken down. In this case, while I accept that Mr F and Satsuma were in regular contact the fact is that alternative payment methods had been provided and no payments were made. So I don't think it's unreasonable for Satsuma to have believed there was a breakdown in the relationship.

Indeed, the default notice would've also provided Mr F with a final chance to make a payment in order to stop the account being defaulted. Given this payment wasn't made and the account was sufficiently in arrears, I'm not able to conclude that an error was made.

Overall, as I think Satsuma treated Mr F fairly, I'm not going to be directing it to do anything else. However, an outstanding balance appears to remain, which will need to be repaid. So Mr F and Satsuma should try and work together to agree a mutually agreeable way forward. I'd remind Satsuma that it has an obligation to treat Mr F fairly.

I appreciate that this decision will come as a disappointment to Mr F but I hope he understands that I've thought about all the evidence provided.

My final decision

For the reasons given above, I do not uphold Mr F's complaint and I make no award against Provident Personal Credit Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 15 August 2020.

Robert Walker
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