

## **complaint**

Mr S complains that Provident Personal Credit Limited trading as Satsuma Loans gave him an instalment loan he couldn't afford to repay.

## **background**

Mr S took out one instalment loan with Satsuma in September 2016.

Our adjudicator has looked into Mr S's complaint. He thought that Satsuma had done enough to check if Mr S could afford the loan. So he didn't think it was wrong for Satsuma to lend to Mr S on this occasion. And he didn't recommend that it pay him compensation.

Mr S has disagreed with the adjudicator so the case has been passed to me to make 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. I've also taken into account the law, any relevant regulatory rules and good industry practice at the time the loan was offered.

Satsuma was required to lend responsibly. It needed to conduct checks to make sure that the loan it was giving to Mr S was affordable. Those checks needed to be proportionate to things like the amount Mr S was borrowing, how much he had to repay each month (including interest), his borrowing history with it and what it knew about him. But there was no set list of checks it had to do.

Satsuma says it asked Mr S about his income and expenditure and did a credit check before lending to him. And it's given us evidence of what Mr S told it and the results of the credit check.

The loan Mr S asked for was £500. And what I've seen suggests it was to be repaid over 26 weekly instalments of £36.83 i.e. no more than £180 in a calendar month. Satsuma's records show Mr S said he earned £1,900 per month and that his housing costs, loan repayments and other monthly outgoings totalled £800.

I know Mr S has told us he was desperate for the money at the time and would've done anything to get the loan. And that he thinks Satsuma should've done more checks. But given this was the first loan Mr S had requested from Satsuma, I think it was reasonable for it to have relied on the information Mr S provided at this stage. And the results of Satsuma's credit check don't show any defaults, missed payments or anything else that I think would've concerned it at this point.

I note Mr S has told us he was borrowing from other short-term lenders at the time and he thinks this should've shown up on the credit report. So I think it would be helpful to explain that not all payday and short term lenders reported to the same credit reference agencies – if at all sometimes. And when they did, this could've been sometime after the event. So while Mr S may have taken other payday or short term loans around the same time as this loan, I can't say they should've been identified by Satsuma's credit check.

So I think these checks were enough for Satsuma to make a reasonable assessment of affordability. The amount Mr S had to pay back each month was quite small compared to his income, it was the first time he'd borrowed from Satsuma and there was nothing to suggest the information he gave it was inaccurate. This information showed that Mr S had enough left over each month to make the loan repayment. So I don't think Satsuma was wrong to lend on this occasion.

**my final decision**

For the reasons given above, I don't uphold the complaint or make any award against Provident Personal Credit Limited.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr S to accept or reject my decision before 8 May 2017.

Sandra Greene  
**ombudsman**