

complaint

Mr W took out several loans with Provident Personal Credit Limited, trading as Satsuma Loans (Satsuma). He complains that it was irresponsible in its lending to him and he would like all of the interest he has paid to be refunded.

background

Mr W complained to Satsuma in 2016 about some payday loans he had taken out in 2015. He said it had not conducted sufficient affordability assessments before agreeing to the loans. Had it done so, it would have realised Mr W was in no position to afford them.

But Satsuma said it was satisfied it had carried out checks in accordance with its lending policy and our adjudicator did not think he could ask it to do anymore either.

The matter has been passed to me for 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 and based on what I have seen, I cannot fairly ask Satsuma Loans to repay Mr W the compensation which he seeks.

I can see from Mr W's bank statements that he has taken out a large number of short term loans over the years, from a range of different lenders. There's evidence that he has routinely taken out loans from one lender to repay those provided by another.

Before they agree any sort of lending, lenders should make sure a loan is affordable and can be repaid on time and without undue difficulty. The checks a lender makes should be proportionate – having in mind, for example, the amount borrowed and the term of the loan. Mr W's loans were all relatively small (the largest was for £600) and short term. So I wouldn't expect Satsuma to carry out the same level of checks as, say, for a loan of several thousand pounds over a number of years. There's no set list of the checks a lender should make, and to some extent it's for them to decide what's appropriate.

It doesn't appear that Satsuma looked at Mr W's bank statements before agreeing to any of the loans. Had it done so, it would have seen that he had short-term loans from a number of different lenders, and that his account balance was often quite low. And it might have concluded at some point that there was evidence he would only be able to repay loans by borrowing from elsewhere.

It doesn't necessarily follow however that Satsuma *should* have checked Mr W's bank statements. As I've indicated, it only had to carry out proportionate checks.

And I don't believe Mr W's position would have been materially different if Satsuma had declined any of the loans. Had it done so, it's reasonable to think he would have approached other lenders – as he in fact did – who were offering similar terms. His overall position wouldn't have been very different.

I think Satsuma could have done more to check Mr W could afford to borrow as much as he did. But overall I think – even if it had done – his position would have been much the same.

my final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 20 January 2017.

Shazia Ahmed
ombudsman