

complaint

Mr M complains that Provident Personal Credit Limited (trading as Satsuma) gave him loans that he couldn't afford to repay. He asks that it refunds interest and charges and removes information about the loans from his credit file.

background

Mr M took out two instalment loans with Satsuma, one in April 2017 and the second in August 2017. He says he had other short term loans, defaults on his credit file and was in a debt management plan.

Our adjudicator didn't recommend that the complaint should be upheld. She said Satsuma made proportionate checks before it offered the loans to Mr M. The information it received suggested the loans were affordable. While Mr M had taken out loans with other short term lenders, these had mostly been settled before he borrowed from Satsuma. He didn't have short term loans outstanding when he took out the loans with Satsuma which would have suggested it needed to make more checks.

Mr M didn't agree. He said it wasn't responsible for Satsuma to lend to him when he was in financial difficulties. He said he had 10 defaulted accounts, a poor credit rating, a debt repayment plan and had been declined credit by other short term lenders. He said anyone looking at his credit file and bank statements would see that further borrowing wasn't sustainable.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Where the evidence is incomplete, inconclusive or contradictory, I reach my decision on the balance of probabilities – in other words, what I consider is most likely to have happened in light of the available evidence and the wider circumstances.

When Mr M applied for loan 1 Satsuma asked him about his monthly income and expenditure. He said his monthly income was £1,875 and his outgoings were £695 (including housing, financial commitments and other). Satsuma added £234 to Mr M's stated expenditure to reflect information from its credit check and internal models. This left him with disposable income of about £940.

Loan 1 was repayable in 12 monthly instalments of £116. I think the information Satsuma received suggested the loan repayments were affordable.

When Mr M applied for loan 2 he told Satsuma his monthly income was £1,900 and his outgoings were £570 (including housing, financial commitments and other). Satsuma added about £756 to Mr M's stated monthly outgoings on credit commitments. This left him with disposable income of about £575.

Loan 2 was repayable in 12 monthly instalments of £132. Loan 1 was still outstanding and it's not clear from the information Satsuma provided whether it included the instalments for loan 1 when it increased Mr M's stated credit commitments. Even if it hadn't, based on the information Satsuma received, Mr M would have had enough disposable income to meet the loan repayments for both loans.

Mr M says his credit file would have shown short term loans, defaults and repayment arrangements. Satsuma says its credit check showed no bankruptcy, county court judgements, debt management plan or active accounts in arrears. It's likely its credit check showed higher credit commitments than Mr M had stated as Satsuma took this into account when it increased Mr M's monthly outgoings.

Mr M provided a copy of his credit report. This doesn't show any defaults when he applied to Satsuma. And while he took out loans with short term lenders the amount outstanding when he borrowed from Satsuma wouldn't have made the loan repayments unaffordable. I don't think the results of Satsuma's credit check would have alerted it to a problem or the need for more checks.

I appreciate what Mr M has said about his circumstances at the time. But the evidence doesn't suggest that Satsuma was aware of his financial difficulties.

I think, given Mr M's stated income and the amount of the instalments, the checks made by Satsuma were proportionate. The information it received suggested the loan repayments were affordable.

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 M to accept or reject my decision before 8 April 2019.

Ruth Stevenson
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