

**complaint**

Mr R complained that Provident Personal Credit Limited (trading as Satsuma) acted irresponsibly when it gave him unaffordable loans.

**background**

Mr R took out two loans with Satsuma with a gap of around 17 months in between.

Here's a table showing more information:

Loan	Date Taken	Date Repaid	Instalments	Amount
1	06/01/2015	09/10/2015	39 Weekly instalments	£300.00
2	02/03/2017	07/11/2017	12 Monthly instalments	£500.00

Mr R said that Satsuma had issued loans to him without taking his finances properly into account and this pushed him into further debt and had a detrimental effect on his credit rating and mental health.

When Mr R complained to Satsuma it said it didn't believe that it acted irresponsibly and the loans Satsuma issued were fair and affordable based on the information Mr R provided at the time and the checks that were carried out.

So Mr R brought his complaint to us.

Overall, our adjudicator thought that given the loan amounts, what was apparent about Mr R's circumstances and his history with the lender, it wouldn't have been proportionate for Satsuma to ask Mr R for the amount of information needed to show the lending was unsustainable.

And our adjudicator didn't think that the number of loans Mr R had taken out, the amounts he'd borrowed or the length of time he'd been borrowing from Satsuma should've alerted Satsuma to think he was having money problems. So she didn't uphold Mr R's complaint.

Mr R disagreed with our adjudicator's view and asked for an ombudsman to look at his complaint.

**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.

I've used this approach to help me decide this complaint.

Satsuma provided Mr R with high-interest loans intended for short-term use. So Satsuma needed to make sure that it didn't provide them irresponsibly.

Satsuma was required to carry out proportionate checks to be able to understand whether any lending was sustainable for Mr R before providing it. Our website sets out what we typically think about when deciding whether a lender's checks were proportionate. Generally, we think it's reasonable for a lender's checks to be less thorough – in terms of how much information it gathers and what it does to verify that information – in the early stages of a lending relationship. But we might think it needed to do more if, for example, a borrower's income was low or the amount lent was high.

And the longer the lending relationship goes on, the greater the risk of it becoming unsustainable and the borrower experiencing financial difficulty. So we'd expect a lender to be able to show that it didn't continue to lend to a customer irresponsibly.

Having carefully thought about everything I've seen and been told, I'm not upholding Mr R's complaint. Here's why I say this.

Satsuma says it agreed to Mr R's applications after carrying out eligibility, creditworthiness and affordability checks. And it relied on information Mr R provided about his monthly income and expenditure as well as information obtained from credit reference agencies. Satsuma relied on the fact that the information Mr R provided showed that repaying the balances wouldn't become difficult for him - and in these circumstances it was reasonable to lend.

#### *loan 1*

I don't think Satsuma was wrong to lend Mr R loan 1. This was his first loan with Satsuma – and so I think Satsuma was entitled to rely on the information Mr R provided. This suggested that he was well able to afford this borrowing.

At this early stage, Mr R didn't have any track record with the lender that should've alerted Satsuma to any underlying money problems.

And I can't see that there was anything in the information Mr R provided or the information Satsuma had, which meant that Satsuma should've enquired further into Mr R's financial circumstances.

So I don't uphold Mr R's complaint about loan 1.

#### *loan 2*

The gap in lending between Mr R paying loan 1 and taking out loan 2 seems long enough to me for Satsuma reasonably to think that Mr R might've put his finances in order during this period. This meant that when Mr R applied for loan 2, he was effectively starting over. So it was fair for Satsuma to treat this as 'new' borrowing and assess his lending requests accordingly.

I don't think there was anything in the information that Satsuma had recorded for Mr R, or anything else that it should've been aware of, which would've made Satsuma think this loan wasn't affordable for Mr R. I think that the amounts that Mr R needed to repay on this loan would've seemed relatively affordable compared with the take home pay he'd declared and what he'd told Satsuma about his expenses.

And given what was apparent about his circumstances I don't think it would've been proportionate for Satsuma to ask Mr R for the amount of information that would be needed to show the lending was unsustainable before agreeing this loan.

So I don't feel I've seen enough to be able to uphold Mr R's complaint about loan 2.

I'm sorry if these loans have caused problems for Mr R – particularly if worrying about them has made him unwell. But in order to uphold this complaint I have to be able to say a lender did something wrong. And, in this case, I don't think that Satsuma did anything wrong in deciding to lend to Mr R.

**my final decision**

For the reasons I've given, I don't uphold Mr R's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 26 March 2020.

Susan Webb  
**ombudsman**