

**complaint**

Miss B complains that Provident Personal Credit Limited (trading as Satsuma) gave her loans that she couldn't afford to repay.

**background**

Miss B was given three loans by Satsuma between May and September 2017. The first loan was repayable in six monthly instalments but was repaid early, in September 2017. Miss B's other loans were both repayable in 12 monthly instalments. I can see that recently Miss B told Satsuma that she was unable to repay the loans as planned. And I understand that her loans have now been passed to a third party debt collection company. A summary of Miss B's borrowing from Satsuma is as follows;

<b>Loan Number</b>	<b>Borrowing Date</b>	<b>Repayment Date</b>	<b>Loan Amount</b>	<b>Monthly Repayment</b>
1	28/05/2017	14/09/2017	£ 400	£ 126.40
2	03/08/2017	-	£ 600	£ 99.60
3	27/09/2017	-	£ 400	£ 66.40

Miss B's complaint has been assessed by one of our adjudicators. She thought that the checks Satsuma had done before each of the loans had been sufficient. And she thought that those checks suggested that Miss B would be able to afford to repay her loans. So she didn't think the complaint should be upheld.

Miss B didn't agree with that assessment. So, as the complaint hasn't been resolved informally, it has been passed to me, an ombudsman, to decide. This is the last stage of our process.

**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 loans were offered.

Satsuma was required to lend responsibly. It needed to make checks to see whether Miss B could afford to pay back each loan before it lent to her. Those checks needed to be proportionate to things such as the amount Miss B was borrowing, and her lending history, but there was no set list of checks Satsuma had to do.

Satsuma has told us about the checks it did before lending to Miss B. Before each loan it asked her for details of her income, and normal expenditure. And it checked her credit file too. Satsuma has provided us with the information that Miss B provided about her disposable income, and the results of its credit checks. I don't think that Satsuma had any reason to doubt the information Miss B provided. And the results of its credit checks seemed to support what she was saying.

At the time of the first loan Miss B told Satsuma that she had £495 left over each month that she could use to make her repayments. And the credit check didn't show anything of concern. So I think it was reasonable for Satsuma to give this loan to Miss B.

Miss B asked for her next loan while she was still in the process of repaying her first loan. So I think this should have caused some concern to Satsuma. But by that time Miss B had said her income had risen, and as a result her disposable income had increased to £700 a month. So even though Miss B would have two loans open for a period of time, the combined repayments, of £226 still appeared to be easily affordable for her. I don't think Satsuma was wrong to give her this loan either.

Miss B repaid her first loan early, but kept her second loan open. And around two weeks later she asked Satsuma to lend to her again. So once more she'd have two loans open together. But the combined repayments on these two loans were smaller than what she'd needed to repay before. And the disposable income that Miss B had declared had remained the same – at £700. So although Miss B's borrowing history should have continued to cause concern to Satsuma I don't think it needed to do more checks at this stage. I think it was reasonable to give this loan to Miss B as well.

The credit check that Satsuma did before the third loan showed that Miss B had taken five short term loans in the past six months. And it showed that one of those loans was still open. But Miss B's outstanding balance was £100 and that matched what she'd told Satsuma about her repayments on other loans when she completed her expenditure declaration.

Miss B has said that Satsuma's credit check didn't show the whole picture, and that there were other loans it should have reported. But the credit check that a consumer will see might be very different from the information provided to a lender. That may be anonymised, incomplete, or just a subset of the data held by the credit reference agency. But I don't think it was unreasonable for Satsuma to rely on the information it received here, particularly when it appears to have been corroborated by what Miss B had said.

Miss B also says that her disposable income was nowhere near the £700 I've referred to in this decision – and I think it's likely that was the case. But that wasn't something she told Satsuma. And I don't think it is something that what I consider to be proportionate checks would have discovered either. I think it was reasonable here for Satsuma to rely on the information Miss B provided without doing any further checks.

Although I appreciate this decision will be disappointing for Miss B I think the checks that Satsuma did were proportionate. And those checks suggested that the loans were affordable. I don't think it was wrong for Satsuma to give these loans to Miss B.

### **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'm required to ask Miss B to accept or reject my decision before 25 August 2018.

Paul Reilly  
**ombudsman**