

## **complaint**

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

## **background**

Miss R was given two loans by Satsuma. She first borrowed £790 in August 2016 and agreed to repay the loan in 52 weekly instalments of just over £30. In fact Miss R repaid this loan early in November 2016. She then borrowed £1,000 in January 2017, agreeing to repay that loan by 12 monthly instalments of £166. Miss R hasn't been able to keep up with her repayments on that loan and a balance remains outstanding.

Miss R's complaint has been assessed by one of our adjudicators. She thought that Satsuma had done proportionate checks before lending to Miss R. And that those checks didn't suggest Miss R would find it difficult to repay the loans. So she didn't think that the complaint should be upheld.

Miss R didn't agree with that assessment. So she has asked, as she is perfectly entitled to, that the complaint be decided by an ombudsman.

## **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 R 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 R 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 R. Each time it asked her for details of her normal income, and monthly expenditure. Satsuma also checked Miss R's credit file before it agreed to give her each loan.

Both of Miss R's loans were repayable over a 12 month period. So the amounts that Miss R needed to repay each time were smaller than if she'd taken a normal payday loan. But of course she was committing to making those repayments over a far longer period.

The first loan that Miss R took required her to repay just over £30 each week – that equates to around £131 each month. She told Satsuma that she had around £700 left over each month after paying her normal household costs and other credit commitments. At this early stage of its relationship with Miss R I think it was reasonable for Satsuma to rely on the information she provided. And this suggested that the loan repayments were easily affordable for her. So I don't think Satsuma did anything wrong in giving this loan to Miss R.

Miss R was late making one of the repayments on her first loan. But she made the repayment the following day, and explained that the late payment had been as a result of an oversight. She didn't suggest to Satsuma that she was facing any sort of financial difficulties. So I don't think this should have caused any concerns to Satsuma when Miss R applied for her next loan.

Miss R repaid her first loan around nine months early. Then, after a gap of just under two months Miss R asked for her second loan. The monthly repayment on this loan was a little higher at £166 each month, but that still seemed easily affordable based on the £700 of disposable income that Miss R once again declared. Once more, given the relatively early stage of its relationship with Miss R, I think it was reasonable for Satsuma to rely on this information. I don't think it did anything wrong in agreeing this loan either.

I appreciate that Miss R says her financial situation was far worse than Satsuma discovered from its checks – she says she was borrowing heavily from other short term lenders. But the results of Satsuma's credit check don't show that she was making use of other short term lenders. And that wasn't something that she told Satsuma when she was making her loan applications. So on balance I think it was reasonable for Satsuma to rely on the information it had at the time. And that suggested the loans were affordable.

**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 R to accept or reject my decision before 4 June 2018.

Paul Reilly  
**ombudsman**