

complaint

Mr A complains that Provident Personal Credit Limited (trading as Satsuma Loans) gave him loans that he couldn't afford to repay.

background

Mr A was given two loans by Satsuma. The first, in May 2016, was for £200 and due to be repaid over 13 weeks. The second, in September 2016, was for £400 and due to be repaid over 26 weeks.

Mr A's complaint has been assessed by one of our adjudicators. She thought that Satsuma had done enough checks before lending to Mr A so recommended that the complaint shouldn't be upheld. Mr A disagrees and has asked, as he 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 Mr A could afford to pay back each loan before it lent to him. Those checks needed to be proportionate to things such as the amount Mr A was borrowing, and his lending history, but there was no set list of checks Satsuma had to do.

Satsuma has told us that it asked Mr A for information about his normal income and expenditure before giving him the loans. And it says that it checked his credit file. The information that Mr A gave to Satsuma indicated that he was earning around £1,600 per month. And he said that his normal expenditure was around £650 per month. So he said he had around £950 per month left over to repay his loans.

The loans that Mr A asked for were relatively modest compared to what he was earning, and the disposable income he declared. And it doesn't seem to me that Satsuma had any reason to doubt the accuracy of the information that Mr A provided, even though he now says his expenditure was much higher. So I think the lender was entitled to rely on those figures and conclude that the loans were affordable for Mr A.

I have considered that it appears Mr A missed some of his scheduled repayments on the first loan. This might have given Satsuma some additional concerns about his true financial situation. But I've also thought about what Mr A told the lender about why the payments were missed. None of those explanations suggested that he was finding it difficult to repay the loans. Instead he told the lender things like his wages had been delayed, he'd not received a payment reminder, or that his debit card hadn't worked. And it seems that Mr A then successfully made the repayments shortly after they were due.

So, on balance, I think the checks that Satsuma did before each loan was agreed were proportionate. And those checks would have suggested to the lender that the loans were affordable for Mr A. So I don't think Satsuma did anything wrong in giving these loans to him.

At the time Satsuma sent us its information about this complaint Mr A still had an outstanding balance on his final loan. If that is still the case, then I should remind Satsuma about the need to treat Mr A positively and sympathetically when agreeing with him how this remaining balance will be repaid.

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 Mr A to accept or reject my decision before 4 September 2017.

Paul Reilly
ombudsman