

complaint

Mr F complains about an instalment loan he took out with Provident Personal Credit Limited (trading as Satsuma Loans). He says Satsuma didn't carry out enough checks, and had it done so, it wouldn't have given him the loan.

background

Mr F had one instalment loan of £100 in June 2015 which was to be repaid over 13 weeks.

Our adjudicator reviewed Mr F's complaint and thought the checks carried out by Satsuma were sufficient considering the amount Mr F had borrowed compared to his declared income. Satsuma also took details of Mr F's expenditure and carried out a credit check – which the adjudicator felt was proportionate. So he didn't think Satsuma was wrong to have given Mr F his loan.

Mr F didn't agree with the adjudicator's recommendation, so the case has been passed to me for a final decision.

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 carefully thought about everything I've been given and having done so, I'm not upholding Mr F's complaint and I'll explain why below.

Satsuma had to gather enough information to be able to make an informed decision as to whether it was going to lend. The guidance and rules don't set out what checks must be done before lending is approved. However, Satsuma needed to take reasonable steps to check that Mr F could repay his loan. And these checks needed to be proportionate to a number of things such as the size of the loans and when the loans were due to be repaid.

But even if the checks Satsuma carried out weren't proportionate, that alone doesn't mean Mr F's complaint should be upheld. I say this because, it's possible, that had further checks been carried out by Satsuma they could've shown Mr F was able to afford his loan. So Satsuma wouldn't have been wrong to lend him the money.

I've thought about what Satsuma says and Mr F's circumstances at the time the loan was approved. And having done so, I think the checks Satsuma carried out were proportionate.

Before agreeing to this loan Satsuma took details from Mr F about his income and some details about his expenditure. And given what Mr F told Satsuma about his living arrangements I don't think this would've prompted Satsuma to have carried out further enquires with Mr F about his living costs. The information Mr F declared was plausible so Satsuma was entitled to reply on what it had been told because it hadn't seen anything in the credit checks to give it cause for concern. And based on what Mr F had told Satsuma, it could see that the loan repayments were affordable.

Overall, I think the checks Satsuma carried out were proportionate so I won't be asking Satsuma to take any action in relation to this loan.

my final decision

For the reasons set out above, I don't uphold Mr F's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 9 October 2017.

Robert Walker
ombudsman