

## **complaint**

Mr W complains that Provident Personal Credit Limited (trading as Satsuma Loans) gave him an instalment loan he couldn't afford to repay. He wants the loan written off.

## **background**

Mr W took out two loans from Satsuma in August 2015 but the second one was cancelled with no payments made and then reissued. He said he'd had defaults and many other short-term loans. He said Satsuma's checks should have found these and seen that his loans were unaffordable. Satsuma said it had made appropriate checks and didn't find anything untoward in its credit check on Mr W's.

Our adjudicator didn't recommend that the complaint should be upheld. He thought Satsuma had made proportionate and sufficient affordability checks before approving the loans. These showed that the loans were affordable. So he thought it hadn't been wrong to approve them.

Mr W replied that Satsuma should have made further checks because he'd applied for three loans within a month. He said he'd had another loan with Satsuma previously that had got into difficulties and Satsuma should have been aware of this.

## **my findings**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Mr W had two loans from Satsuma. These were for £300 to be repaid in 56 weekly instalments of £10.96. Mr W said he'd made payments on his first loan. From Satsuma's evidence, Mr W cancelled and repaid the first loan after four days with a daily interest charge of £3.12. The second loan was cancelled by Satsuma without charge as Mr W had given incorrect bank details. It then reissued it, so I'll refer to this as loan two. Mr W hasn't repaid his second loan and a balance is still outstanding.

Satsuma was required to lend responsibly. It should have made checks to make sure Mr W could afford to repay the loans before it lent to him. Those checks needed to be proportionate to things such as the amount Mr W was borrowing, and his lending history. But there was no set list of checks Satsuma had to do.

Satsuma checked Mr W's monthly income, which was £1,300 after tax for loan one and £1,400 for loan two. He said his monthly expenditure was £750 for loan one and £550 for loan two, leaving him with a disposable income of £550 and then £850. I think Satsuma could reasonably rely on Mr W providing it with accurate information, unless it had reason to question it. Satsuma also said it made credit checks for each loan which didn't show anything untoward.

The earlier loan was Mr W's first instalment loan from Satsuma. The repayments were very small. From the information he provided, he looked to have sufficient disposable income to repay them comfortably.

But Mr W said he had other loans at the time and defaults on his credit file. I can see from his credit file that he'd taken out other loans around the same time as his Satsuma loans. But I don't think these would necessarily have shown on Satsuma's credit checks. I can see that its check found that he'd had other short-term loans but no new ones within the past three months.

Satsuma said its checks didn't find any defaults recorded on Mr W's record in the past twelve months. I can see from Mr W's credit file that he had some defaults three years previously. But I don't think these should have necessarily alerted Satsuma to make further checks before lending to Mr W. So I think Satsuma's affordability checks were proportionate and sufficient. I can't say that it was wrong for it to give the loan to Mr W.

Mr W said he'd defaulted on an earlier home loan with Satsuma. But I can't find this on his credit file and I can't see that Satsuma's credit checks found this.

Mr W repaid his first loan early and then applied for another loan for the same amount two weeks later. I don't think that the early repayment of loan one should have alerted Satsuma to make further checks for loan two. I think its checks were still proportionate and sufficient. So I can't say that it was wrong for it to approve the loan, and I can't require it to write off the balance outstanding.

#### **my final decision**

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 26 May 2017.

Phillip Berechree  
**ombudsman**