

complaint

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

background

Mr B has used a claims management company (CMC) to help make his complaint.

Mr B was given one loan by Satsuma in May 2016. He borrowed £100 and needed to repay this over the next 26 weeks, at an amount of £7.37 per week. Mr B hasn't been able to fully repay the loan and a balance still remains.

Mr B's complaint has been assessed by one of our adjudicators. He thought that Satsuma had carried out proportionate checks before lending to Mr B, and that those checks showed the loan was affordable. So he didn't think the complaint should be upheld. Mr B's CMC disagrees with that assessment so has asked 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 loan was offered.

Satsuma was required to lend responsibly. It needed to make checks to see whether Mr B could afford to pay back the loan before it lent to him. Those checks needed to be proportionate to things such as the amount Mr B 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 B for details of his income and normal expenditure before giving him the loan. It says that Mr B told it that his monthly income was £1,300 and his expenditure was £450. It also says that it looked at Mr B's credit file. And it has shown us the results it got from that check.

I think that, given the circumstances here, the checks that Satsuma did were proportionate. This was the first loan that Mr B had asked for from Satsuma, and the amount he needed to repay compared to what he said he earned each month was relatively modest. Mr B says that his real financial position was much worse than he told Satsuma. But I think given what I've said above Satsuma was reasonably able to rely on the information Mr B provided – I don't think it needed to independently verify that information.

I should also note that a credit check performed by a lender might be very different to the results a consumer would see if they obtained a copy of their credit report. The checks done by the lender might be fairly narrow, and not show all the information contained on a full report.

But I have seen that the credit check Satsuma did suggested that Mr B was repaying more on his outstanding loans than he declared to the lender as part of his expenditure information. I think that is something that Satsuma should have noticed. But even if I supplemented what Mr B told Satsuma with the higher expenditure from Satsuma's credit

check, the loan would still appear to be affordable based on the rest of the information he gave.

So overall I don't think Satsuma was wrong to give this loan to Mr B.

I can see that Mr B still owes some money to Satsuma in relation to this loan. I'd encourage Mr B to get in touch with Satsuma to discuss how this debt might be repaid. And I'd remind Satsuma of the need to treat Mr B positively and sympathetically in those discussions.

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 B to accept or reject my decision before 9 November 2017.

Paul Reilly
ombudsman