

## **complaint**

Mr L complains that Provident Personal Credit Limited (trading as Satsuma Loans) didn't carry out proper affordability checks and irresponsibly granted him loans which resulted in financial difficulty. He wants the interest refunded and compensation.

## **background**

In its final response Satsuma said it's not a payday lender. It offers loans in one single upfront fixed charge. It doesn't add late payment or interest charges even if it isn't repaid within the weekly terms quoted. Mr L had two completed agreements. Its decisions to grant them were entirely in line with its lending policy. It'd assessed whether the loans were affordable. It'd taken account of the income and expenditure information Mr L gave and data from a credit bureau. His stated income was enough to meet the requirements of the loan. The loans were granted responsibly and they were affordable.

Our adjudicator felt this complaint shouldn't be upheld. He said:

- Mr L took out two loans in January 2015 and July 2015. Each was for £100.
- Satsuma carried out checks on the first loan including with credit agencies. They revealed Mr L had an outstanding balance elsewhere and an account that was eight months in arrears. It could've done more checks but the loan was affordable.
- There was nothing on the second loan application that indicates Satsuma should've asked more questions. Its checks were proportionate.

Mr L doesn't agree. In summary he says Satsuma didn't carry out adequate checks. That means it couldn't ascertain if a loan was affordable. Appropriate checks would've shown he had an overdraft and he'd other expenses and payday loans. He'd a history of short term lending. Satsuma didn't carry out its obligations and he's entitled to redress.

## **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 L has provided detailed submissions to support his complaint. I've read and considered them all. But my findings are expressed in considerably less detail. And they focus on what I think are the main issues.

Mr L's two loans were for the relatively small amounts of £100 each. Given this I think Satsuma's checks were proportionate to the sizes of the loans. It also appears that on the information Mr L gave, which it's entitled to rely on, and the credit agency information the loans were affordable.

Satsuma didn't have an obligation to carry out further or more detailed checks. It wasn't required to, for example, ask to see Mr L's bank statements even though in hindsight they might've shown more about his circumstances, creditworthiness and the loans' affordability.

Overall, I don't think Satsuma acted unreasonably or irresponsibly in granting these two loans. So, I don't think I can reasonably require it to refund any interest to Mr L or pay him

compensation as he'd like. Although I recognise Mr L's strength of feeling and frustration I don't see a compelling reason to change the proposed outcome in this case.

**my final decision**

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 9 September 2016.

Stephen Cooper  
**ombudsman**