

complaint

Mr W complains about the unsatisfactory customer service provided by Provident Personal Credit Limited, trading as Satsuma Loans, ("SL"), in relation to a loan application.

background

Mr W applied to SL for a loan for £150 on 7 May 2018. When he received an error message about the application, he phoned SL. SL told him that his application had been rejected and that he should wait 30 days before reapplying. Mr W also updated his email address with SL during that call.

On 22 May 2018, Mr W received a text message from SL to tell him that his loan repayment was due. As Mr W wasn't aware he had a loan, he phoned SL about the text. SL told him that there were two loan applications on the account and that one was approved and one was declined. Mr W said that he didn't know about the two applications and he hadn't received a loan agreement. He raised a complaint about SL's customer service. SL then sent a copy of the loan agreement to Mr W.

SL's final response letter rejected Mr W's complaint. It said the writer had listened to the call on 7 May 2018 and that Mr W was told that the loan had been rejected. SL said that Mr W wasn't told during that call that the loan application he had done a few minutes prior to that was accepted. SL said that Mr W didn't tell its operator that he had made two applications. SL said that the first application Mr W had made was made on 7 May 2018 at 12:58 and was accepted. The second application was made on 7 May 2018 at 13:04 and was declined.

our adjudicator's view

The adjudicator noted that Mr W didn't receive any correspondence from SL about the loan that was approved. And although she had asked SL to send her evidence to show what information it had provided to Mr W at the time the loan was approved, nothing had been received. The adjudicator also asked Mr W to tell her why he didn't return the money knowing that SL had already told him the loan was rejected. He said he didn't notice the extra money in his account as he wasn't expecting it. He didn't realise it was there until he received SL's repayment text on 22 May 2018. The adjudicator said that this was plausible. And without evidence to show that SL had sent Mr W documentation about the approved loan, she concluded that the complaint should succeed. She recommended that SL should:

- remove the interest and charges from the loan;
- remove any negative information recorded on Mr W's credit file about the loan; and
- allow Mr W to repay the capital of £150 that he borrowed.

SL responded to say that it would agree to the adjudicator's recommendations provided Mr W repaid £150 to it within a month.

Mr W was unhappy with the repayment time limit. He said that he would repay £50 a month from 30 November 2018 provided the adverse credit file entries were first removed.

SL said that it would accept the monthly repayments but didn't agree to first remove the adverse credit file entries because of the outstanding loan balance.

The adjudicator said that SL's offer wasn't unreasonable.

Mr W didn't agree and asked for an ombudsman to review his complaint.

my provisional decision

After considering all the evidence, I issued a provisional decision on this complaint to Mr W and to SL on 19 February 2019. I summarise my findings:

I noted that SL had said that Mr W had made two loan applications and that one of them was approved. But I'd noted from SL's contact records and the note of the call between Mr W and SL on 7 May 2018 that Mr W had phoned to check the progress of his loan application because he'd received an error message. I didn't think it was likely that he would have done that if he'd been aware that an earlier loan application had been successful.

I'd also noted that Mr W hadn't received a loan agreement at that time. As SL didn't send this service evidence of the approved loan in response to the adjudicator's request, I couldn't safely conclude that this was sent to Mr W's correct address at the time of the loan.

But SL had said that a loan had been approved on 7 May 2018, and it appeared that £150 was sent to Mr W's account around that date. I'd noted that Mr W had said that he didn't notice the extra money in his account until he'd received the repayment text on 22 May 2018. I thought this was plausible.

But it was clear to me that Mr W had had use of the £150 loan amount since early May 2018, and that this amount should be repaid to SL. I understood that it might be difficult for Mr W to repay this amount in one lump sum. But I could see that he had offered to repay it by monthly payments of £50. I said that if Mr W accepted my final decision I thought that it would be reasonable for the monthly payments to begin to be paid within a month of his acceptance.

I noted that Mr W was unwilling to make the monthly repayments until the adverse credit entries were removed from his credit file. I could appreciate that Mr W wasn't aware of the loan and the need to repay it for some time. I could also appreciate that Mr W wanted his complaint to be resolved. So I thought it likely that any adverse entries recorded by SL at the credit reference agencies wouldn't have been recorded at the correct time. I said that the credit file should be an accurate reflection of Mr W's payment record. But as Mr W wasn't aware for some time that he should be repaying the loan, I thought the credit file required correction to remove the adverse entries currently recorded.

But I also thought that if the revised repayment arrangement (that is the repayment arrangement which would start one month after acceptance of my final decision, if accepted) wasn't adhered to by Mr W, that SL could report to the credit reference agencies about any late or missed payments under the new arrangement.

I'd noted that SL had otherwise agreed that the interest and charges applied to the loan should be removed. I thought this was reasonable compensation for SL's unsatisfactory customer service.

So, subject to any further representations by Mr W or SL my provisional decision was that I intended to uphold this complaint. I intended to order SL to:

1. Remove the interest and charges applied to the loan;

2. Request the removal of the adverse entries from Mr W's credit file within 14 days of Mr W's acceptance of my final decision; and
3. Enable Mr W to repay the amount of £150 by monthly payments of £50 from one month after Mr W's acceptance of my final decision. But if this revised repayment arrangement isn't adhered to by Mr W, SL can report to the credit reference agencies about any late or missed payments under the new arrangement.

SL responded to say that it agreed to my provisional decision. Mr W said that he was happy with the outcome and had nothing further to add.

my findings

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

As Mr W and SL have accepted my provisional decision and have given me nothing further to consider, I see no reason to depart from the conclusions I reached in my provisional decision. It follows that I uphold this complaint and require SL to take the actions set out below.

my final decision

My decision is that I uphold this complaint. In full and final settlement of this complaint, I order Provident Personal Credit Limited, trading as Satsuma Loans, to:

1. Remove the interest and charges applied to the loan;
2. Request the removal of the adverse entries from Mr W's credit file within 14 days of Mr W's acceptance of my final decision; and
3. Enable Mr W to repay the amount of £150 by monthly payments of £50 from one month after Mr W's acceptance of my final decision. But if this revised repayment arrangement isn't adhered to by Mr W, SL can report to the credit reference agencies about any late or missed payments under the new arrangement.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 18 April 2019.

Roslyn Rawson
ombudsman