

complaint

Mr B complains that Provident Personal Credit Limited (trading as Satsuma Loans) was irresponsible to lend him money.

background

Mr B took out an instalment loan with Satsuma in March 2018. Satsuma expected Mr B to repay the £1,000 loan over 12 months at about £166 each month.

Mr B says he was in a difficult financial position with a number of loans and debts. Mr B wants Satsuma to refund the interest that he paid together with interest on the refund.

Satsuma says that Mr B declared a monthly income of £1,300 with £300 of monthly outgoings. Satsuma also carried out a credit check which didn't reveal anything of concern.

The adjudicator didn't recommend that Mr B's complaint be upheld. He thought that Satsuma carried out adequate checks before agreeing the loan. And based on the income and expenditure figures Mr B gave Satsuma, it was reasonable to have agreed to lend.

Mr B doesn't agree with the adjudicator's recommendation. He says that if Satsuma had asked for bank statements, it would've seen a number of gambling transactions. Mr B says that if Satsuma had checked his credit file, it would've seen a history of taking out multiple payday loans.

my findings

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

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, the length of the agreement and his borrowing history. But there wasn't a set list of checks that Satsuma had to do.

Even if I find that Satsuma didn't carry out adequate checks, it won't necessarily mean that I must uphold Mr B's complaint. I would need to be persuaded that with proportionate checks, Satsuma would've discovered that the loan wasn't affordable for Mr B.

Satsuma expected Mr B to repay a relatively modest proportion of his declared income each month. From the information Mr B gave about his income and expenses, it looked as though he could comfortably afford the repayments on the loans.

The credit check that Satsuma carried out before the loan doesn't show anything of concern such a default or late payment.

Satsuma has explained that it added a buffer to the amounts that Mr B gave to account for any undeclared credit commitments and any unexpected expenses. Overall, I'm satisfied that Satsuma's checks went far enough.

I appreciate that Mr B says he had a number of other short term loans but as far as I'm aware, he didn't tell Satsuma about these. I don't think it was proportionate to expect

Satsuma to ask about them so early on in Mr B's borrowing history – particularly as I can't see anything about them in the information that Satsuma has given to us.

I think it was reasonable of Satsuma to have a degree of confidence in the information that Mr B gave about his finances. I wouldn't have expected Satsuma to try and independently verify Mr B's financial situation by asking to see bank statements for example. This means that Satsuma couldn't reasonably have found out about Mr B's gambling transactions unless he'd made Satsuma aware of any problems himself.

Based on what Satsuma knew about Mr B, it looked as though he had enough disposable income to afford the loan. I understand that my decision is likely to disappoint Mr B but I don't uphold his complaint.

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 B to accept or reject my decision before 19 March 2019.

Gemma Bowen
ombudsman