

complaint

Miss G complains that Provident Personal Credit Limited (trading as Satsuma Loans) gave her loans that she couldn't afford to repay. She asks that it refunds interest and charges, removes information about the loans from her credit file and pays compensation for the hardship caused.

background

Miss G took out a £400 loan with Satsuma Loans in February 2016. The loan was repayable in weekly instalments of £29.46. Miss G says she was borrowing to repay loans and meet her living costs. She says Satsuma Loans should have known from her continued borrowing and her credit file there was a problem.

The adjudicator didn't recommend that the complaint should be upheld. She said Satsuma Loans asked about Miss G's income and expenditure and did a credit check before offering the loan. Miss G told it her monthly income was about £2,000 and her expenditure (on housing, loans and other) was £910. On this basis, Satsuma Loans assessed the repayments as affordable. The results of its credit check didn't suggest there was a problem or that further checks were needed.

Miss G didn't agree. She says it's clear from her bank statements and credit report that she was in financial difficulties when she took out the loan. Miss G says her income and expenditure shows the loan wasn't affordable. She had defaults on her credit file and her credit rating was poor.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Where the evidence is incomplete, inconclusive or contradictory, I reach my decision on the balance of probabilities – in other words, what I consider is most likely to have happened in light of the available evidence and the wider circumstances.

Lenders have to assess whether a loan is affordable using suitable information. But checks must be proportionate depending, for instance, on the size of the loan, the repayments and what the lender knows about the customer.

When Miss G applied for the loan she told Satsuma Loans her monthly income was about £2,000 and her expenditure was about £910. This left her with enough disposable income to pay the weekly instalments of £29.46.

Satsuma Loans did a credit check. The results didn't show any recent defaults or suggest further checks were needed.

Miss G says the information she gave to Satsuma Loans about her income and expenditure wasn't correct. She was struggling to pay existing debts and meet her living expenses. But I don't think Satsuma Loans knew this. It was entitled to rely on the information it received and I can't see it had any reason to suspect this wasn't correct. In the circumstances, I think the checks done by Satsuma Loans were proportionate and it was reasonable to assess the loan as affordable.

my final decision

My decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss G to accept or reject my decision before 24 August 2017.

Ruth Stevenson
ombudsman