

complaint

Mr M complains that Provident Personal Credit Limited (trading as Satsuma) failed to give him clear enough information when he was late making some repayments on his loan.

background

This complaint isn't about whether or not Satsuma should have lent to Mr M. Mr M took four loans from Satsuma and another ombudsman has already decided that Satsuma hadn't been unfair in agreeing to give Mr M those loans.

But, Mr M found it difficult to repay his final loan. And he had a number of conversations with Satsuma about what he could do to correct these missed repayments. Mr M says that the information he got from Satsuma didn't fully explain the impacts on his credit file of rescheduling his repayments.

Mr M's complaint about this information has been assessed by one of our adjudicators. She thought that the information Satsuma gave Mr M wasn't as good as it should have been. But she also thought that even if Mr M had been given better information his financial situation would have meant that his credit file would still have been affected. So she didn't think it was right to ask Satsuma to make any amendments to Mr M's credit file. But she did ask Satsuma to pay Mr M £50 to reflect the trouble and upset the poor information had caused him.

Satsuma didn't agree that the information it had given Mr M wasn't good enough. But it did agree to pay Mr M £50. Mr M didn't think it was right that his credit file wouldn't be amended. So as this complaint hasn't been resolved informally it has been passed to me, an ombudsman, to decide. This is the last stage of our process. If Mr M accepts my decision it is binding on both parties.

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.

It seems that Mr M had three calls with Satsuma where he discussed the missed repayments on his loan – they were in June, July and September 2016. Satsuma has given us recordings of these calls and I've listened to them carefully before reaching my decision.

It is clear from each of those calls that Mr M was very concerned to make sure that his credit file didn't show adverse information about his borrowing. So it isn't surprising that he asked Satsuma on each of the calls about his options and what these would mean to the way the loan was reported on his credit file.

But what I also need to bear in mind is that I don't think Satsuma has reported anything on Mr M's credit file that isn't a fair reflection of what happened. Mr M did miss several repayments – often very shortly after he'd agreed to make them. And his loan wasn't repaid until several months after the date he'd originally agreed with Satsuma. So I think it's right that this information should be shown on his credit file.

Mr M has told us that if he'd been given better information by Satsuma he wouldn't have been in the same position, so the information Satsuma needed to report to the credit reference agencies would have been different.

Having listened to the calls, I find myself in agreement with Mr M that Satsuma wasn't clear enough about the impacts of the various options on Mr M's credit file. From the first of those calls I think it was reasonable for Mr M to conclude, as he says he did, that any adverse information on his credit file would only appear whilst he was repaying the loan. And once he'd successfully repaid the loan, albeit a couple of months later than his original agreement, then the credit file would simply show a repaid loan – not that he'd missed some payments.

But, sadly for Mr M, that isn't the way that credit reporting works. Credit reports show what happened at the time – so a missed payment will show, and remain, on a credit report regardless of whether the repayment has been made at some point in the future. But this wasn't the information he was given, and so I don't think Satsuma treated Mr M fairly when these options were being explained to him.

The Financial Ombudsman Service isn't a regulator. And in resolving complaints it isn't our responsibility to punish businesses for any wrongdoing. Both of those are the responsibility of the Financial Conduct Authority. Instead, any redress that I award simply seeks to put a consumer back into the position they'd have been in, if that wrongdoing hadn't happened.

So in this case I need to think about what Mr M would have done if Satsuma had given him the right, and complete, information at each stage.

As I've said earlier, Mr M was keen to ensure his credit file didn't show any adverse information. But I've also got to balance that against the reality of Mr M's financial situation. By the time he first spoke to Satsuma he was over £200 in arrears – equivalent to him having missed seven of his weekly payments. So that information would have shown on his credit file regardless. And immediately after that call Mr M missed another two weekly payments. So that suggests to me that he might have struggled to clear those arrears at the time even if he'd been given the right information.

And by the time of his call in September, Mr M's arrears were equivalent to 13 weekly payments – over £400. And by that time I think Mr M was aware that extending his loan would result in missed payments being reported on his credit file. So he told Satsuma that he wanted to repay the loan in full when he was next paid at the end of the month. But it doesn't seem that Mr M did repay his loan then. He didn't repay the loan until January 2017 when Satsuma says he told it that he'd experienced financial difficulties the previous year, but was now back on track.

So taking all that into account, I don't think it is the poor information from Satsuma that has resulted in the adverse information now showing on Mr M's credit file. Instead I think it is there because Mr M was unable to make the repayments he needed to when they fell due, or to make them in line with the subsequent agreements he reached with the lender. I do think that Mr M has been caused some extra work by the wrong information he was given at first. And so I agree with our adjudicator that this should be acknowledged by Satsuma making a small payment to Mr M. But I'm not going to direct Satsuma to do anything more such as amending Mr M's credit file.

my final decision

My final decision is that I uphold Mr M's complaint that he wasn't given enough information when he rescheduled his loan repayments. I direct Provident Personal Credit Limited to pay him £50 to reflect the trouble and upset this has caused him.

But I don't require Provident Personal Credit Limited to do anything further, including making any amendments to Mr M's credit file.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 8 September 2017.

Paul Reilly
ombudsman