

complaint

Mr R complains that Provident Personal Credit Limited (trading as Satsuma Loans) made short-term loans to him when it shouldn't have.

background

In 2015 and 2016, Satsuma made 3 loans to Mr R. Each of them was repayable by instalments over 52 weeks. Mr R repaid loan 1 but not loans 2 and 3. He complained that Satsuma should refund interest and remove adverse information from his credit file.

Our adjudicator didn't recommend that the complaint should be upheld. He didn't think that Satsuma was wrong to lend to Mr R.

Mr R disagreed with the adjudicator's opinion. He asks for an ombudsman to review the complaint. He says, in summary, that he also had various other loans which an ombudsman looked at and decided were lent irresponsibly.

my findings

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

A financial business can make commercial decisions about whom to lend to and how much. But before agreeing to lend, the business has to check each time that the borrower can afford to make the repayments. And the checks it does must be proportionate.

When considering a complaint, our Service looks at whether the business did checks proportionate to things like – but not limited to – the size of the loan repayments and the information the business had about the consumer.

If the checks the business did were enough, we won't usually say that it shouldn't have agreed to the loan.

If we don't think the checks were enough, and we feel that more proportionate checks would've revealed that the borrower couldn't have afforded the loan, we'll ask the business to put things right.

From its file, the Satsuma loans to Mr R were as follows:

loan No.	loan date	loan amount (£)	date loan fully repaid
1	28.05.15	300	10.12.15
2	19.02.16	300	not yet
3	25.08.16	300	not yet

None of the loans was repayable in full on Mr R's next payday. Each of the loans was repayable by weekly instalments of about £11.00, equivalent to about £48 per month.

Before loan 1, Satsuma recorded Mr R's monthly income as over £5,000.00. And it recorded his normal monthly living costs and regular financial commitments as about £440.00

Mr R repaid loan 1 early. And a couple of months went by before he borrowed from Satsuma again.

Before loan 2 Satsuma recorded Mr R's monthly income as £1,515.00. And it recorded his normal monthly living costs and regular financial commitments as about £250.00.

Loan 2 was still running when Mr R took loan 3. So together they were going to require repayments totalling nearly £100.00 per month. Before loan 2, Satsuma recorded Mr R's monthly income as £1,602. And it recorded his normal monthly living costs and regular financial commitments as about £125.00.

I keep in mind that there were only 3 loans. And I keep in mind the level of the required repayments as a proportion of Mr R's recorded income. So I'm satisfied that Satsuma did proportionate checks by asking Mr R about his income, normal living costs and regular financial commitments.

I accept Mr R's statement that he had other short-term loans at around the same time as the Satsuma loans. But in its final response letter, Satsuma gave details of the results of its credit checks before each of its loans. Those results said that Mr R hadn't taken any short-term loans within six months before each of Satsuma's loans.

I appreciate that Mr R may know different. But there was no rule that said that Satsuma had to do credit checks – or credit checks of a particular type. So I can't say that Satsuma should've done other or better credit checks.

I don't think the Satsuma lending ever reached the point at which proportionate checks would've included asking Mr R about any other short-term financial commitments. And I don't think the Satsuma lending ever reached the point at which proportionate checks would've included asking him for bank statements or otherwise getting a full picture of his financial circumstances.

Unfortunately Mr R contacted Satsuma about financial difficulty in October 2016. I'm satisfied that Satsuma responded positively and sympathetically by arraigning a repayment plan.

So overall I don't find that Satsuma treated Mr R unfairly. I don't find it fair and reasonable to order Satsuma to refund interest or to remove information from Mr R's credit file – or to do anything further in response to Mr R's complaint.

my final decision

For the reasons I've explained, my final decision is that I don't uphold this complaint. I make no order against Provident Personal Credit Limited (trading as Satsuma Loans).

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 4 June 2018.

Christopher Gilbert
ombudsman