

complaint

Mr E complains that Provident Personal Credit Limited (trading as Satsuma loans) wrongly placed a late payment marker on his credit file and this stopped him getting a loan.

background

Mr E took out a short term loan with Satsuma. He wanted to change the payment date and in order to do this he had to miss a month's payment. Satsuma has said that the problem was caused because it requested a payment in May from Mr E but this was declined and Mr E made a manual payment on the same day. The account never fell into arrears but a late payment marker was generated because of the failed payment. Whatever the reason, Satsuma accepted that this was an error, removed the late payment marker and offered Mr E £25 compensation to reflect any trouble and upset caused. Mr E said that this wasn't enough because the late payment marker damaged his credit status and he was refused a pre-approved loan increase.

Our adjudicator didn't recommend that the complaint was upheld. He thought that the offer of £25 was fair and reasonable in the circumstances. He considered that it wasn't possible to say that the late payment marker was the only reason that Mr E was refused the loan increase. He didn't think that there was enough evidence to conclude that Mr E had to take out a more expensive loan only because of the late payment marker. Mr E didn't agree and replied to say in summary that it wasn't possible to get the evidence because lenders won't give specific reasons about why a loan has been declined but it could only have been because of the late payment marker.

my findings

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

The late payment marker was placed on Mr E's file in early July and applied to June's payment. Mr E says that he took out a loan on 7 July and as part of that loan he was pre approved for a further advance within 90 days. Mr E says when he asked for the increase his application was declined and he says that the only thing that had changed was the late payment marker.

Without sight of Mr E's credit file I can't be certain of the timeline of events or whether the loan provider was aware of the late payment marker. I haven't seen any evidence that confirms Mr E was pre-approved for a further advance or what checks would be carried out. Mr E says he took out the loan on 7 July and when he applied for a top up around a month later he discovered the late payment marker. Although Mr E says that the only thing that was different was the late payment marker, this was removed in early August and I don't have any evidence that this was the only reason that Mr E was refused the further advance.

I appreciate Mr E's frustration that the lender won't say why the loan was declined. But in this case I haven't got any information to allow me to conclude that it is likely that the reason for the decline was because of the late payment marker. Mr E said he had an excellent credit rating and this was seriously damaged because of the late payment marker. It was on Mr E's credit file for a relatively short period of time. Mr E he says that this caused him significant financial pressure to take out another loan which had been offered at a higher rate because

of the late payment marker. But the late payment marker had been removed and so I can't say that it was taken into account when setting the rate.

As Mr E is aware lenders make decisions taking into account different factors. On the evidence I have seen I can't be satisfied that it was the late payment marker alone that was the reason for the refusal or why he was offered a loan at a higher rate.

Mr E has spent time dealing with the complaint but as soon as he told Satsuma of the problem it agreed to remove the late payment marker. I agree with the adjudicator that the offer of £25 is fair and reasonable in the circumstances.

my final decision

My final decision is that the offer of £25 is fair and reasonable in full and final settlement of this complaint. Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E to accept or reject my decision before 4 February 2016.

Emma Boothroyd
ombudsman