

## **The complaint**

Miss A complains Evergreen Finance London Limited trading as MoneyBoat.co.uk ("MoneyBoat") irresponsibly lent to her.

## **What happened**

Miss A was granted one loan of £700 on 14 January 2023. She was due to make six monthly repayments of £189.35. As of April 2023, an outstanding balance remained due but it's possible the loan has now been repaid.

Following Miss A's complaint about her loan, MoneyBoat considered the complaint and concluded it had made a reasonable decision to lend and so it didn't uphold it. Unhappy with this response, Miss A referred her complaint to the Financial Ombudsman.

The complaint was considered by an adjudicator, who didn't uphold it. She said MoneyBoat carried out proportionate checks and there wasn't anything to suggest the loan would be unsustainable for her.

Miss A didn't agree saying she didn't think the complaint had been considered fairly. As no agreement could be reached, the case has been passed to me for a decision.

## **What I've decided – and why**

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We've set out our general approach to complaints about this type of lending - including all the relevant rules, guidance and good industry practice - on our website.

MoneyBoat had to assess the lending to check if Miss A could afford to pay back the amount she'd borrowed without undue difficulty. It needed to do this in a way which was proportionate to the circumstances. MoneyBoat's checks could have taken into account a number of different things, such as how much was being lent, the size of the repayments, and Miss A's income and expenditure.

With this in mind, I think in the early stages of a lending relationship, less thorough checks might have been proportionate. But certain factors might suggest MoneyBoat should have done more to establish that any lending was sustainable for Miss A. These factors include:

- Miss A having a low income (reflecting that it could be more difficult to make any loan repayments to a given loan amount from a lower level of income);
- The amounts to be repaid being especially high (reflecting that it could be more difficult to meet a higher repayment from a particular level of income);
- Miss A having a large number of loans and/or having these loans over a long

period of time (reflecting the risk that repeated refinancing may signal that the borrowing had become, or was becoming, unsustainable);

- Miss A coming back for loans shortly after previous borrowing had been repaid (also suggestive of the borrowing becoming unsustainable).

There may even come a point where the lending history and pattern of lending itself clearly demonstrates that the lending was unsustainable for Miss A. The adjudicator didn't consider it reached the point in the lending relationship where this applied and I agree, as there was only one loan.

MoneyBoat was required to establish whether Miss A could *sustainably* repay the loan – not just whether she technically had enough money to make her repayments. Having enough money to make the repayments could of course be an indicator that Miss A was able to repay her loan sustainably. But it doesn't automatically follow that this is the case.

If a lender realises, or ought reasonably to have realised, that a borrower won't be able to make their repayments without borrowing further, then it follows that it should conclude those repayments are unsustainable.

I've considered all the arguments, evidence and information provided in this context, and thought about what this means for Miss A's complaint.

Before the loan was approved, MoneyBoat asked Miss A for details of her income, which she declared as being £2,250 per month. MoneyBoat says the declared income figure was checked through a credit reference agency.

Miss A also declared monthly outgoings of £1,100. As part of the application, MoneyBoat used information from its credit search to adjust the declared expenditure Miss A had provided. As a result, of this check, Miss A's monthly expenditure wasn't increased and so for the affordability assessment, MoneyBoat used the monthly outgoings that Miss A had declared.

After carrying out these checks, Miss A had sufficient disposable income, according to MoneyBoat to be able to afford the repayments she had to make.

Before the loan was approved MoneyBoat also carried out a credit search and it has provided a copy of the results it received from the credit reference agency. It is worth saying here that although MoneyBoat carried out credit searches, there isn't a regulatory requirement to do one, let alone one to a specific standard. But what MoneyBoat couldn't do is carry out a credit search and then not react to the information it received – if necessary.

Having reviewed the credit check results, there isn't anything in any of the results that would've indicated that Miss A was having current financial difficulties, for example it knew there were no current insolvency markers, County Court Judgements or debt management plans. And it knew that Miss A hadn't defaulted on any account within the last three years.

MoneyBoat did know that Miss A had a number of credit cards and at least three loans that had a longer term, with significant capital borrowing. And so MoneyBoat ought to have known that the amount Miss A declared for her credit commitments as part of her application (£450) wasn't enough to cover the loans and credit cards that Miss A had. But even if I substitute a more reasonable figure from what I can see in the credit report, of around £1,000 per month to cover Miss A's existing credit commitments, she still had sufficient disposable income to afford her repayments.

Overall, given this was a first loan and there was also nothing else in the information that I've seen that would've led MoneyBoat to believe that it needed to go further with its checks – such as verifying the information Miss A had provided.

Given the evidence provided, I think it was reasonable for MoneyBoat to have relied on the information Miss A provided along with its further checks. I also consider the checks it carried out to be proportionate. There also wasn't anything else to suggest that Miss A was having financial difficulties, or these loans would be unsustainable for her.

I'm therefore not upholding Miss A's complaint. I appreciate this will come as a disappointment for her, but based on the information I've been provided, an outstanding balance may still remain due, and I would remind MoneyBoat of its obligation to treat Miss A fairly and with forbearance if necessary.

### **My final decision**

So, for the reasons I've explained above, I'm not upholding Miss A's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss A to accept or reject my decision before 10 November 2023.

Robert Walker  
**Ombudsman**