

## The complaint

Miss H complains Evergreen Finance London Limited trading as MoneyBoat.co.uk ("MoneyBoat") provided her with loans without carrying out appropriate affordability checks.

## What happened

Miss H was granted three loans by MoneyBoat, and I've outlined her borrowing history in the table below.

loan number	loan amount	agreement date	repayment date	number of instalments	highest repayment per loan
1	£800.00	30/05/2022	18/07/2022	6	£249.51
2	£950.00	18/07/2022	31/07/2022	6	£316.67
3	£1,100.00	31/10/2022	outstanding	6	£339.72

An outstanding balance remained due on loan two as of February 2023.

MoneyBoat considered the complaint and concluded it had made a reasonable decision to provide these loans because it had carried out proportionate checks. Unhappy with this response, Miss H referred her complaint to the Financial Ombudsman.

The complaint was considered by an adjudicator, who didn't uphold it. He said MoneyBoat had reasonable grounds to believe Miss H could afford the loans and that it had carried out proportionate checks.

Miss H didn't agree. She said she had used other payday loans in order to repay MoneyBoat and this will be shown in her credit report. Finally, Miss H said that as a result of MoneyBoat (and other short-term lenders), she is now under the terms of a Debt Management Plan (DMP).

As no agreement could be reached, the case has been passed to me for a decision.

## What I've decided – and why

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

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 H could afford to pay back the amounts 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 H'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 H. These factors include:

- Miss H 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 H 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 H 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 H. The adjudicator didn't consider it reached the point in the lending relationship where this applied and I agree, as there were only three loans with a small gap between loans two and three.

MoneyBoat was required to establish whether Miss H could *sustainably* repay the loans – 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 H was able to repay her loans 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 H's complaint.

Before each loan was approved, MoneyBoat asked Miss H for details of her income, which she declared as being £2,250 per month for loan one, £1,800 per month for loan two and then £2,550 a month when loan three was advanced. MoneyBoat says the declared income figures were checked by cross referencing information through a third-party report provided by a credit reference agency.

In addition, and to be clear, I don't think that MoneyBoat needed to do this. But if it had checked Miss H's income possibly through using bank statements or payslips it would've likely seen that her income for each month was at least what she had declared at loan one. In July 2022 for example when she declared a lower income, she actually received £2,838. So even if MoneyBoat had done further checks into Miss H's income only – which I don't think it needed to do, it would've likely discovered she received at times, more than she had declared.

Miss H also declared monthly outgoings as low as £1,080 when loan two was advanced and as high as £1,460 when loan three was granted. As part of the application, MoneyBoat used information from its credit searches to adjust the declared expenditure Miss H had provided. As a result, of this check, Miss H's monthly expenditure wasn't increased for any of the loans.

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

Before each 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 H was having current financial difficulties, for example it knew there were no current insolvency markers, County Court Judgements or debt management plans. And for each loan it knew that Miss H hadn't defaulted on any account within the last three years.

MoneyBoat did know that Miss H had a number of credit cards that were close to their limits – but she was making repayments and didn't have any adverse information recorded against them. In addition, there were some other high-cost loans, but again these had been serviced well and had been open for a number of years – from 2018 and 2019. So, there wasn't any indication that Miss H was using other payday loans (or high-cost credit loans) in an unsustainable manner or that she was using other lending to repay these loans.

In addition, loans one and two had been repaid earlier than contracted for. So, there wasn't anything solely from the way these loans were managed, which would've shown MoneyBoat that Miss H was having or likely having financial difficulties.

Overall, there was also nothing 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 H had provided. So, while Miss H has provided copy bank statements, in this case, it would've been disproportionate for MoneyBoat to have considered them.

Given the evidence provided, I think it was reasonable for MoneyBoat to have relied on the information Miss H gave about her income and expenditure to show she had sufficient disposable income to afford the repayments she was committed to making. I also consider the checks it carried out to be proportionate. Finally there wasn't anything to suggest that Miss H was having financial difficulties, or these loans would be unsustainable for her.

I'm therefore not upholding Miss H's complaint. I appreciate this will come as a disappointment for her. There appears to be an outstanding balance and I would remind MoneyBoat of its obligation to treat Miss H fairly and with forbearance.

### **My final decision**

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

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

Robert Walker  
**Ombudsman**