

The complaint

Mr H says Evergreen Finance London Limited trading as Moneyboat lent to him irresponsibly. He says he couldn't afford the loan as he already had other payday loans and creditors. He thinks Moneyboat should've seen this and not lent to him.

What happened

This complaint is about one payday loan Moneyboat provided to Mr H in February 2019. The loan was for £600 and Mr H was due to repay it in four monthly instalments of just over £222.

Our adjudicator didn't uphold the complaint. Mr H disagreed with the adjudicator's opinion. He said that information should've been available to Moneyboat that would've showed his was struggling financially, partly due to his problems with gambling. Our adjudicator didn't change her view of the complaint so it has been passed to me.

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 short-term lending - including all of the relevant rules, guidance and good industry practice - on our website.

Moneyboat needed to take reasonable steps to ensure that it didn't lend irresponsibly. In practice this means that it should have carried out proportionate checks to make sure Mr H could repay the loans in a sustainable manner.

These checks could take into account a number of different things, such as how much was being lent, the repayment amounts and the consumer's income and expenditure. With this in mind, in the early stages of a lending relationship, I think less thorough checks might be reasonable and proportionate.

But certain factors might point to the fact that Moneyboat should fairly and reasonably have done more to establish that any lending was sustainable for the consumer. These factors include:

- the *lower* a customer's 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 *higher* the amount due to be repaid (reflecting that it could be more difficult to meet a higher repayment from a particular level of income);
- the *greater* the number and frequency of loans, and the longer the period of time during which a customer has been given loans (reflecting the risk that repeated refinancing may signal that the borrowing had become, or was becoming, unsustainable).

There may even come a point where the lending history and pattern of lending itself clearly demonstrates that the lending was unsustainable.

I've carefully considered all of the arguments, evidence and information provided in this context and what this all means for Mr H's complaint. I've decided not to uphold Mr H's complaint and have explained why below.

I've seen a record of the information Mr H provided when he completed his loan application. Mr H said he had a monthly income of around £3,000 and he had regular monthly outgoings of around £2,000. So it wouldn't be unreasonable for MoneyBoat to think that Mr H could afford the repayments to this loan.

Moneyboat confirmed Mr H's salary as part of its credit checks. And it's provided a copy of the other information it received about him. This does show that Mr H had some short term loans in the past. But it also shows that he had one outstanding short term loan at the time he took the Moneyboat loan. So it's perhaps a reasonable assumption that whilst Mr H had problems in the past his current financial situation had improved. And I'm bearing in mind here that this was Mr H's first loan from Moneyboat and it was for a reasonable amount when compared with his income.

I haven't seen any further information that shows its likely Moneyboat was made aware of any financial problems Mr H might've been having. Or anything that would've prompted it to investigate Mr H's circumstances further. So I think it was reasonable for Moneyboat to rely on the information it obtained.

So overall, in these circumstances, I think the assessments Moneyboat did for this loan were proportionate. And I think its decision to lend was reasonable. I'm not upholding Mr H's complaint about it.

I can see that Mr H has had some significant problems related to his finances in the past and I appreciate this must have been difficult. With this in mind I hope my decision doesn't cause him any distress.

My final decision

For the reasons set out above, I don't uphold Mr H's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 21 February 2020.

Andy Burlinson
Ombudsman