

The complaint

Miss F says Evergreen Finance London Limited trading as Moneyboat lent to her irresponsibly. She says the loans caused her financial hardship and she had to borrow each month to make the repayments to them.

What happened

This complaint is about three loans Moneyboat provided to Miss F between June 2017 and February 2018.

| loan number | date started | amount borrowed | monthly instalments | date ended |
|-------------|--------------|-----------------|---------------------|-------------|
| 1 | 02/06/2017 | £200 | 2 | 28/07/2017 |
| 2 | 30/08/2017 | £350 | 4 | 08/12/2017 |
| 3 | 06/02/2018 | £1,000 | 6 | outstanding |

Our adjudicator didn't uphold the complaint. She thought that the checks Moneyboat made were proportionate.

Miss F disagreed with the adjudicator's opinion. She said that Moneyboat had not made proportionate checks before lending. If it had, it would've seen that she had other loans and she was struggling to repay all of her debt.

As no agreement has been reached the complaint 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 irresponsible 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 Miss F 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 decided not to uphold Miss F's complaint and I've explained why below.

I've seen a record of the information Miss F provided when she completed her loan application. Miss F said she had a monthly income of £1,200 and she had regular monthly outgoings of around £800. This left her with a disposable income of £400. So, it would have been reasonable for Moneyboat to think that the loan repayments were affordable.

Miss F has outlined some financial difficulties she says she was having at the time. And the crux of Miss F's objection to the lending is that she feels Moneyboat should have made more in-depth checks. Had it done this, it would've seen these problems and not lent to her.

But given the amount she borrowed against her income, and that this was a relatively short lending relationship, I don't think it's reasonable to say Moneyboat should have looked into her finances in more detail. As I've said above, checks should be proportionate, this does mean a business can do less in a shorter lending relationship when the amounts borrowed look reasonable. I think this is the case here.

Miss F says that she was having problems repaying lending that she already had. But the information from the credit references agencies that Moneyboat obtained didn't show this. There isn't any recent repayment problems and there is no other short term lending shown at the same time as the Moneyboat loans.

And the checks Moneyboat did showed that Miss F said there could be genuine reasons why Miss F needed short term money, such as to pay for unexpected car repairs before approving loan 3.

I haven't seen any further information that shows its likely Moneyboat was made aware of any financial problems Miss F might've been having. Or anything that would've prompted it to investigate her 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 these loans were proportionate. And I think its decision to lend for loans 1 to 3 were reasonable. I'm not upholding Miss F's complaint about them.

My final decision

For the reasons set out above, I don't uphold Miss F's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss F to accept or reject my decision before 7 July 2021.

Andy Burlinson

Ombudsman