

The complaint

Ms I complains that Evergreen Finance London Limited (trading as Moneyboat) was irresponsible to lend to her.

What happened

Ms I had three loans from Moneyboat between January 2018 and January 2019 as seen below:

<u>Loan</u>	<u>Date</u>	<u>Amount</u>	<u>Term</u>	<u>Monthly Repayment</u>	<u>Due</u>	<u>Repaid</u>
1	16 Jan 2018	£400	164d	£111.79	29 Jun 2018	On time
2	3 Jul 2018	£500	181d	£153.33	31 Dec 2018	On time
3	2 Jan 2019	£450	177d	£136.85	28 Jun 2019	Outstanding

Ms I says if Moneyboat had carried out better checks it would not have lent her the money. She says she had to borrow from elsewhere to make the repayments and didn't have enough money each month for her priority bills. Ms I says if Moneyboat had looked at her credit file or bank statements it would have seen credit card debts and a large overdraft, as well as late payments and defaults.

Moneyboat says it checked Ms I's credit file to satisfy itself that Ms I could sustainably meet the repayments. It says it also asked Ms I to provide figures for her income, which it says it verified with payslips, and expenditure. Moneyboat says this showed the repayments to be affordable, even after adjustments were made based on its other checks. It adds that it has also previously declined loan applications from Ms I which, it says, further supports its stance that its checks were reasonable. In conclusion, Moneyboat says it was satisfied its checks were proportionate and its lending was not irresponsible.

Our adjudicator did not recommend the complaint should be upheld. She was satisfied that Moneyboat carried out proportionate checks and there was nothing in the available information to indicate further checks were required, or that the repayments were unsustainable.

Ms I responded to say, in summary, that if Moneyboat had carried out proportionate checks it would have seen that she had a large overdraft, multiple credit cards and loans, missed payments and defaults. She added that her bank statements would also have shown regularly spend on gambling, so the lending was irresponsible.

My provisional findings

I issued a provisional decision to Ms I and to Moneyboat on 26 May 2022. I've summarised my findings:

- I was satisfied that Moneyboat's checks for loan 1 went far enough, but I did not consider Moneyboat made a fair lending decision because:
 - Ms I's credit file was showing clear signs that she was already struggling to manage her money;
 - Even without any loan repayments, Ms I was committed to repaying at least £160 per month on her credit card balances. As she'd only declared £90 for credit expenditure, Moneyboat's affordability calculation should have been adjusted for this. If this had been done, it would have shown Ms I had around £130 of disposable income with which to pay the £112 repayments, and her other outstanding loans, for six months;
- So I found loan 1 was not sustainably affordable to Ms I;
- Ms I's credit file showed a worsening picture when she applied for loan 2:
 - Ms I now had 14 active accounts, of which seven had been opened in the last six months:
 - All seven of the new accounts were short-term loans (including loan 1) and four remained open at the time of the loan 2 application;
 - Another of the three existing loans was showing a default in October 2016;
 - The credit cards had increased further above their limits and one was now showing it had become delinquent in April 2018;
- With four outstanding short-term loans and further repayment problems, I found Moneyboat should have realised it was unlikely Ms I would be able to sustainably repay a further loan and should not have approved loan 2;
- Moneyboat carried out a further credit check for loan 3 which showed:
 - Three further defaulted accounts:
 - One was the credit card that had become delinquent;
 - Two of the short-term loans that were open at loan 2 had also defaulted;
 - A second credit card had become delinquent in July 2018;
 - One of the remaining short-term loans had been repaid, but the fourth was in arrears;
 - Ms I had taken out a new short-term loan in June 2018 which was still outstanding at the time of the loan 3 application;
 - The utilities account was now in arrears;
 - Ms I continued to fully use her £4,500 overdraft and was paying minimal amounts to the loan accounts;
- There were clear indications that Ms I's financial situation continued to decline and so I found Moneyboat was irresponsible to have approved loan 3.

So my provisional decision was that I upheld Ms I's complaint about all the loans.

Ms I responded to accept my provisional decision.

Moneyboat did not respond to the provisional 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.

As Ms I accepted my provisional decision and neither provided any additional information, I see no reason to depart from the conclusion I reached.

My final decision

My decision is that I uphold this complaint. Evergreen Finance London Limited (trading as Moneyboat) should:

- A. refund all the interest and charges Ms I paid on loans 1 and 2;
- B. pay interest of 8% simple a year on any refunded interest and charges from the date they were paid to the date of settlement*;
- C. remove any interest and charges still outstanding on loan 3 and treat all the payments Ms I made towards this loan as payments towards the capital;
- D. if reworking Ms I's loan 3 account as I've directed results in Ms I effectively having made payments above the original capital borrowed, then Moneyboat should refund these overpayments with 8% simple interest calculated on the overpayments, from the date the overpayments would have arisen, to the date of settlement* along with the refund calculated (A+B) for loans 1 and 2;
- E. remove any adverse information recorded on Ms I's credit file in relation to the loans;

* HM Revenue & Customs requires Moneyboat to take off tax from this interest. Moneyboat must give Ms I a certificate showing how much tax it's taken off if she asks for one.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms I to accept or reject my decision before 25 July 2022.

Amanda Williams
Ombudsman