

## **The complaint**

Mrs H complains that the loan she had from Evergreen Finance London Limited (trading as Moneyboat) was unaffordable.

## **What happened**

Mrs H borrowed £600 from Moneyboat on 12 August 2021. The loan was due to be repaid by six monthly instalments of £169.55 with the last payment due on 27 January 2022. After paying the first four instalments, Mrs H struggled to make the repayments from December 2021.

Mrs H says Moneyboat didn't ask her for proof of income or bank statements and her disposable income was insufficient to cover her existing commitments. She says she had a gambling addiction at the time and was using credit to pay living expenses. Mrs H says if Moneyboat had carried out proper checks it would have seen her total debts were very high, she was only making minimum repayments on credit cards and she was starting to get into arrears.

Moneyboat says it conducted a credit check and asked Mrs H about her income and expenditure. It says it verified both her income and her employment and adjusted her declared expenditure upwards based on the information in Mrs H's credit file. Moneyboat says the information showed Mrs H had sufficient disposable income to afford the repayments.

Our adjudicator did not recommend the complaint should be upheld. He was satisfied that Moneyboat carried out proportionate checks and there was nothing in the available information to indicate Mrs H was struggling to manage her money or that the loan was unaffordable.

Mrs H responded to say, in summary, that the loan was still unaffordable, regardless of the fact it was her only loan and for a small amount. She says Moneyboat should have questioned why she needed a short-term loan if her disposable income was as much as it had calculated. Mrs H adds that her credit file would have shown a huge amount of debt, along with accounts in arrears and credit cards at their limit.

## **My provisional findings**

I issued a provisional decision to Mrs H and to Moneyboat on 29 June 2022. I've summarised my findings:

- I was satisfied that Moneyboat carried out enough checks before it approved the loan;
- However, I considered that the results of those checks should have indicated to Moneyboat that the lending was likely to be both unaffordable and irresponsible because:
  - Mrs H had 14 credit accounts with a balance on them:
    - She'd taken out three loans since July 2020;
      - The total balance on them was over £20,000;
      - The combined monthly repayments were £660;
      - All three were in arrears;
    - Mrs H had six credit card accounts:
      - The total balance on the accounts was almost £8,600;
      - One was over its limit and two months in arrears;
      - She'd taken out cash advances in July and August 2021 on two further cards;
    - Two mail order accounts had a combined balance of over £1,600;
    - Mrs H was paying a total of £61 per month on two telecoms accounts with a combined balance of over £1,400;
    - She had a £212 balance on a water account for which she was paying £42 per month.
  - So Mrs H was already committed to making credit payments of £1,070 per month and she had declared a further £412 spend on rent and travel. This left her with less than £290 of disposable income per month;
  - As this did not include any expenditure on food, council tax, energy or insurance, I found it likely that further monthly repayments of almost £170 were unsustainable for Mrs H;
  - In addition, Mrs H's credit file was showing clear signs she was struggling to manage her money – she had four accounts that were in arrears and she was beginning to use her credit cards for cash advances.

In summary, I found the loan was unaffordable for Mrs H and that Moneyboat was irresponsible to have approved it.

Mrs H responded to accept my provisional decision.

Moneyboat did not respond to my 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 neither party provided any additional information, I see no reason to depart from the conclusion I reached.

## **My final decision**

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

- Add up the total amount of money Mrs H received as a result of having been given the loan. The repayments Mrs H made should be deducted from this amount;
  - If this results in Mrs H having paid more than she received, then any overpayments should be refunded along with 8% simple interest (calculated from the date the overpayments were made until the date of settlement\*);
  - If any capital balance remains outstanding, then Moneyboat should attempt to arrange an affordable/suitable payment plan with Mrs H.
- Remove any negative information about the loan from Mrs H's credit file.

\*HM Revenue & Customs requires Moneyboat to deduct tax from this interest. Moneyboat should give Mrs H a certificate showing how much tax it's deducted if she asks for one.

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

Amanda Williams  
**Ombudsman**