

The complaint

Miss M complains that the loans she had from Evergreen Finance London Limited (trading as Moneyboat) were unaffordable to her.

What happened

Miss M had three loans from Moneyboat between April 2021 and June 2021 as follows:

<u>Loan</u>	<u>Date</u>	<u>Amount</u>	<u>Term</u>	<u>Monthly Repayment</u>	<u>Due</u>	<u>Repaid</u>
1	19 Apr 2021	£200	102d	£69.56	30 Jul 2021	28 May 2021
2	29 May 2021	£1,500	181d	£463.96	26 Nov 2021	19 Jun 2021
3	23 Jun 2021	£1,500	191d	£478.91	31 Dec 2021	2 Feb 2022

Miss M says she doesn't feel Moneyboat carried out enough checks as her second and third loans were significantly higher than the first and she was re-borrowing almost immediately. She says that if Moneyboat had checked her bank statements it would have seen that she had a gambling addiction and multiple other short-term loans. Miss M adds that she has been massively affected both financially and mentally by the lending.

Moneyboat says it checked Miss M's credit file which helped to satisfy itself that she would be able to sustainably make the repayments. It says it also asked Miss M to provide figures for her income and expenditure and they showed the repayments to be affordable, even after adjustments were made based on its other checks. Moneyboat says Miss M also repaid loans early and that it was never made aware of any financial difficulties, including gambling.

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.

Miss M responded to say, in summary, that such high borrowing so quickly after previous loan repayments should have prompted Moneyboat to carry out more extensive checks.

Provisional findings

I issued a provisional decision to Miss M and to Moneyboat on 2 August 2022. I've summarised my findings below:

- I was satisfied Moneyboat's checks went far enough for loan 1 and that there was nothing in the available information that should have indicated to Moneyboat that the repayments were unaffordable;
- I was not satisfied Moneyboat's checks went far enough for loan 2 because:
 - Miss M now needed to commit almost 30% of her income to the repayments for six months and Moneyboat needed to consider whether that was sustainable for her;
 - The credit check showed Miss M had opened 10 new accounts in the last six months – six of these were other short-term loans;
- I considered Moneyboat should have ensured it asked sufficient questions to satisfy itself that Miss M was not becoming reliant on short-term lending. Had it done so it would have found that:
 - Of the six short-term loans showing on the credit check, two were still outstanding according to the credit file;
 - Proportionate checks would have shown that Miss M had also taken out a further four short-term loans in May 2021, before loan 2;
- I found, therefore, that if Moneyboat had carried out proportionate checks, it would have considered it was irresponsible to have approved further lending;
- Miss M's credit file showed a worsening picture by loan 3 – her overall debt had more than doubled and she continued to take out multiple short-term loans;
- Proportionate checks would have shown that at least eight short-term loans were still outstanding at the time of loan 3 and the repayments now exceeded the disposable income calculated by Moneyboat;
- I was satisfied, therefore, that loan 3 was unaffordable and there were clear indications that Miss M was struggling financially.

My provisional decision was that I upheld Miss M's complaint about loans 2 and 3 and Moneyboat should put things right.

Miss M responded to accept the 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 Miss M accepted my provisional decision and neither party provided any additional information, I see no reason to depart from my provisional decision.

My final decision

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

- Add up the total amount of money Miss M received as a result of having been given loans 2 and 3. The repayments Miss M made should be deducted from this amount.

- If this results in Miss M 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). *
- Remove any negative information about loans 2 and 3 from Miss M's credit file.

*HM Revenue & Customs requires Moneyboat to deduct tax from this interest. Moneyboat should give Miss M 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 Miss M to accept or reject my decision before 29 September 2022.

Amanda Williams
Ombudsman