

The complaint

Miss D complains that Evergreen Finance London Limited, trading as MoneyBoat.co.uk, lent to her irresponsibly.

Miss D also complains that the internal MoneyBoat application system is wrong and that information she says she inputted at application stage for one of the loans was incorrectly captured.

What happened

Miss D took three loans and using information MoneyBoat has provided here is a brief table of the approved loans.

Loan	Approved	Amount	Repayment terms	repaid
1	11 December 2021	£200	3 x £90.88	28 February 2022
2	11 March 2022	£200	4 x £74.23	30 June 2022
3	1 July 2022	£500	6 x £154.60	Due to end 30 December 2022

At the time that MoneyBoat had submitted its records to us Miss D had repaid all the instalments on time. Loan 3 was due to be repaid in instalments up to 30 December 2022 and so it may well have been paid.

Miss D complained on 8 August 2022 through an on-line complaint handling service and she made the complaint soon after she'd had obtained the third loan. Miss D had received the initial response from MoneyBoat in which it had said that to investigate her complaint fully it would need her copy bank account statements and it warned Miss D that if she'd lied on the application forms then that would be a serious matter for MoneyBoat. Miss D took exception to this and it has become part of her complaint. I address this in the decision.

MoneyBoat issued Miss D with its final response letter (FRL) dated 11 August 2022. It gave reasons why it did not consider it had done anything wrong.

Miss D's complaint letter had mentioned loans 1 and 2 only for the complaint but the FRL covered all three and Miss D's complaint form to us included a handwritten additional note in which she did claim irresponsible lending for the three loans.

One of our adjudicators looked at the complaint and thought that MoneyBoat had not lent to Miss D irresponsibly.

Miss D responded to say that Moneyboat didn't do any adequate checks when lending the money as they would have identified that their records were wrong. And Miss D had expressed concern earlier that the dates MoneyBoat had did not 'add up'. Miss D explained:

'I don't believe there is any evidence of me submitting 3 months employment history in December 2021 as I didn't do it.'

The unresolved complaint was passed to me to decide.

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

MoneyBoat had to assess the lending to check if Miss D could afford to pay back the amounts she'd borrowed without undue difficulty. It needed to do this in a way which was proportionate to the circumstances. MoneyBoat's checks could've taken into account a number of different things, such as how much was being lent, the size of the repayments, and Consumer's income and expenditure.

With this in mind, I think in the early stages of a lending relationship, less thorough checks might have been proportionate. But certain factors might suggest MoneyBoat should have done more to establish that any lending was sustainable for Consumer. These factors include:

- Miss D having a low 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 amounts to be repaid being especially high (reflecting that it could be more difficult to meet a higher repayment from a particular level of income);
- Miss D having a large number of loans and/or having these loans over a long period of time (reflecting the risk that repeated refinancing may signal that the borrowing had become, or was becoming, unsustainable);
- Miss D coming back for loans shortly after previous borrowing had been repaid (also suggestive of the borrowing becoming unsustainable).

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

MoneyBoat was required to establish whether Miss D could *sustainably* repay the loans – not just whether she technically had enough money to make her repayments. Having enough money to make the repayments could of course be an indicator that Miss D was able to repay her loans sustainably. But it doesn't automatically follow that this is the case.

Industry regulations say that payments are sustainable if they are made without undue difficulties and, made on time, while meeting other reasonable commitments and without having to borrow to make them. If a lender realises, or ought reasonably to have realised, that a borrower won't be able to make their repayments without borrowing further, then it follows that it should conclude those repayments are unsustainable.

I've considered all the arguments, evidence and information provided in this context, and thought about what this means for Consumer's complaint.

Loan 1

There are a few issues that Miss D has raised specifically in relation to loan 1. She has said:

The first loan was 4 days after I started a new job. I had not been working since October. MoneyBoat were irresponsible for lending money to me when there was no evidence to show I could afford it I did not have the money to afford to pay for the loan as I had to work 4 weeks before I received any payment from my new employer.

This was clear when the first payment failed and I had to find funds to pay later that day on 31/12/2021

And the quotations from Miss D I have duplicated in the '*what happened*' part of this decision also relate to loan 1.

My view is that there was evidence that Miss D could afford to make the repayments of just under £91 a month as Miss D had informed MoneyBoat she was living at home with her parents, that she was employed (which was correct), she had a monthly salary of £2,000 a month and her next payday was 31 December 2021.

Miss D had declared expenditure of £698 a month which had included house expenses, credit expenses, utilities, transport and food. She had told MoneyBoat that the reason for the loan was for a '*one-off expense*'.

In the FRL MoneyBoat has explained that it verified Miss D's salary using a credit reference agency tool and it obtained a credit search which led it to increase her expenditure figures by £152 each month.

For a first loan of £200 and for a short term such as three months then I'd not have expected MoneyBoat to do more.

In relation to the concern raised by Miss D about the capturing of her data when she inputted information for the application at loan 1 then whether MoneyBoat's system or the options offered on an on-line application form was correct or MoneyBoat '*got it wrong*' is not something the Financial Ombudsman Service would look into. The internal systems of a lending business is beyond what we would be expected to investigate.

In any event, MoneyBoat did make some checks including obtaining details about her credit history. It was entitled to rely on the information Miss D had given to it.

If it had telephoned her employer or had obtained some copy of a letter from her employer's HR department to demonstrate her gainful and professional employment and/or her start date, then that would not have made a difference to the lending decision. It would have confirmed what it had already established. And as the first repayment date was also the date of her first salary payday then I doubt that MoneyBoat would have been concerned.

Miss D says that the first payment on 31 December 2021 initially did not go through, but it did go through later that same date. Miss D has sent to us no evidence of that. And I doubt MoneyBoat has, or would, have recorded that as a late payment as the payment was made on the due date. I do not uphold Miss D's complaint about loan 1.

Loan 2

Loan 2 was for £200 which was a modest sum and for a short term and it was early in the lending relationship. MoneyBoat was entitled to rely on the information she gave to it in her application.

Miss D's income and expenditure was much the same as for loan 1 and this time MoneyBoat had obtained a payslip which confirmed her salary and net pay. These demonstrated that she had enough disposable income to cover the repayment costs for loan 2.

I have reviewed the MoneyBoat credit search results it carried out before approving loan 2, and I had seen for loan 1 and again for loan 2 that she had at least one loan which had had arrears on it. But overall, her credit situation was relatively good and MoneyBoat was a

lender used to lending to individuals with some adverse credit file entries.

I do not uphold Miss D's complaint about loan 2.

Loan 3

Miss D applied for a larger loan - £500. Miss D provided a payslip for loan 3 as well. By this time Miss D had successfully repaid two loans and so Miss D's application for a higher loan sum was processed with that brief history in the background. A lender's creditworthiness assessment is meant to include the repayment history on previous loans.

MoneyBoat has explained in its FRL that it increased Miss D's monthly expenditure by £150 after having carried out the checks it did.

I have reviewed the MoneyBoat credit search it did at loan 3, and there was a marked increase in the loan sum debt figure overall, whereas her credit card debt had reduced. But the detail shows that she had run a car in the past (she had motor insurance entries on the credit searches done for loans 1 and 2). Here Miss D had applied for and obtained a new car on Hire Purchase (HP) for around £15,000 in April 2022.

Overall, I think that the checks MoneyBoat had carried out before lending to Miss D at loan 3 were proportionate and in line with what I would have expected it to have done.

The increase in the debt was explained in the new car purchase and so overall I'd consider that MoneyBoat did not lend irresponsibly at loan 3.

My final decision

My final decision is that I do not uphold Miss D's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss D to accept or reject my decision before 13 June 2023.

Rachael Williams
Ombudsman