

The complaint

Mr H complains that Evergreen Finance London Limited, trading as MoneyBoat.co.uk, lent to him seven times in one year without carrying out the right checks.

What happened

Mr H applied for several loans over the period of the lending relationship, seven of which were approved. I asked MoneyBoat about the other entries which appeared on the records it sent to me. And after it responded with those details I was able to create a comprehensive loan table which gave me a clearer overall picture of the lending relationship. I used this in the provisional decision issued to Mr H and MoneyBoat on 18 April 2023.

Loans	Date approved	Amount Requested (£)	Other application outcomes*	Repaid
1	3 August 2022	£500	-	15 September 2020
	30 August 2020	£300	Ignored	-
2	18 September 2020	£400	-	15 October 2020
	23 September 2020	£500	Ignored	-
3	25 October 2020	£500	-	13 November 2020
	24 November 2020	£300	Declined	-
	8 January 2021	£300	Declined	-
4	18 May 2021	£800	-	24 May 2021
5	8 June 2021	£400	-	9 June 2021
6	27 October 2021	£600	-	29 October 2021
7	26 December 2021	£550	-	4 January 2021
	20 February 2022	£600	declined	-
	21 March 2022	£800	declined	-
	20 January 2023	£800	declined	-

*MoneyBoat has explained:

‘...applications may be declined for not meeting our internal lending criteria at that time (this criterion is ever-changing and dependent upon market conditions (and Covid at the time), current lending volumes/targets, regulatory guidance and attitudes towards risk). Equally they be declined or ignored if the [sic] remained an outstanding balance on a loan at time of application.’

After Mr H had complained to MoneyBoat, which I can see from its account notes was 15 February 2022, it then issued a final response letter (FRL). It gave detailed reasons as to why it considered its checks were good enough. This explanation included that MoneyBoat had asked Mr H for copy payslips and it had obtained credit searches for each loan. It already had the information Mr H had declared to it as part of his applications. And MoneyBoat had emailed Mr H about his employment situation as the earlier loans had been around the start of the Covid 19 pandemic lockdown periods.

MoneyBoat mentioned in its FRL that it had noticed that there was a six month gap between Mr H paying off loan 3 and applying for loan 4 which it considered significant. Our adjudicator had picked up on that point as well and had agreed with MoneyBoat. I come back to this gap in the lending in the main part of the decision.

Mr H seems to have continued to fill in speculative loan applications even after he had complained to MoneyBoat, the most recent one being January 2023 when Mr H had referred his complaint to the Financial Ombudsman Service.

In its FRL, MoneyBoat did not accept it had done anything wrong but it did offer, as a good will payment, a refund on the interest for the last three loans. It did not accept liability but was seeking to resolve the complaint. Because Mr H had paid all his loans off quickly the interest incurred had been relatively low and so the offered refund was around £40.

Mr H declined this offer and referred his complaint to the Financial Ombudsman Service in May 2022. One of our adjudicators looked at the complaint and her first view was that she did not consider MoneyBoat had done anything wrong. But because of the refund offer she did not review the last three loans.

Mr H disagreed and the case was prepared to be reviewed by an ombudsman.

Our adjudicator checked whether the £40 refund offer was still available to Mr H. MoneyBoat confirmed that it was not and so our adjudicator reviewed the complaint again and thought that MoneyBoat had not done anything wrong when it granted the seven loans.

Mr H continued to disagree and so the unresolved complaint was passed to me to decide. Mr H had said:

'If the correct checks were performed they would have seen that I was deep into a £4700 overdraft with numerous gambling outgoings and multiple other debts with other pay lenders. This means that they did not do the sufficient checks in order to clarify the affordability of the loan.'

It took many weeks to obtain the additional information I needed from MoneyBoat, including the information about the other applications that were not funded (ignored or declined). I also wanted to know when it had received Mr H's copy bank account statements.

Our adjudicator did not have these additional details surrounding Mr H's loan history which I have now.

Mr H has sent to us the copy bank statements he wants us to review. They are screenshots of extracts of his bank statements, not the full statements.

Satisfied that I had all the information I needed to come to an informed provisional decision, I carefully reviewed it all and assessed each loan. I gave reasons for each loan as to why I did not think that the complaint should be upheld for Mr H for each of those loans. That provisional decision is duplicated here. It is in smaller type to differentiate it from this one.

What I provisionally decided – and why – 18 April 2023.

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 unaffordable/irresponsible lending - including all the relevant rules, guidance and good industry practice - on our website.

MoneyBoat had to assess the lending to check if Mr H could afford to pay back the amounts he'd borrowed without undue difficulty. It needed to do this in a way which was proportionate to the circumstances. MoneyBoat's checks could've considered several different things, such as how much was being lent, the size of the repayments, and Mr H'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 Mr H.

These factors include:

- Mr H 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);
- Mr H 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);
- Mr H 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 Mr H.

MoneyBoat was required to establish whether Mr H could sustainably repay the loans – not just whether he technically had enough money to make his repayments. Having enough money to make the repayments could of course be an indicator that Mr H was able to repay his 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 Mr H's complaint.

Bank account statements

Mr H has told us quite firmly that he sent to MoneyBoat his bank account statements during the period he was applying to it for loans.

Whereas MoneyBoat has checked this at my request and is quite clear that it received one copy payslip and three separate screenshots showing one bank account credit in each screenshot – meaning when his salary was credited to the account. Mr H sent these to MoneyBoat for loans 1, 2 and 3. They were not copy bank statements and were not lists of bank transactions. MoneyBoat is clear that it only received the bank account statements **after** Mr H had complained as part of its own complaints' investigation process.

It said to us recently (original emphasis retained):

*'I can confirm that the **only** bank statements we received, were provided to us at the time of complaint and not at time of application, prior to this we received some payslips which I have attached for your records.'*

As well as this specific confirmation from MoneyBoat, I have reviewed the account notes received from MoneyBoat and it does indicate to me that the bank account statements were asked for after Mr H had complained on 15 February 2022.

Before that, it had noted in those loan account records that Mr H had sent to it some information which, as I have outlined earlier, were the screenshots of his bank account credit transaction of £2,337 on 15 July 2020 (before loan 1) and his payslip for the same date. He sent to MoneyBoat screenshots of two bank account credit transactions for September 2020 and October 2020 which likely were for loans 2 and 3, but no payslip copies for loans 2 and loan 3.

So, I am now satisfied that Mr H did not actually send to MoneyBoat his copy bank statements until after he had complained in February 2022.

Mr H has said in his complaint form to us that he 'was a gambling addict' and so he supposes that his bank statements were checked by MoneyBoat and this gambling would have shown up. That plus he said he was £4,000 in his overdraft when requesting each loan. So, it was important for me to establish when, if ever, MoneyBoat did obtain his copy bank statements.

I was sorry to read of Mr H's addiction and I hope that matters have improved since then.

Loans 1 to 3

I have reviewed all the financial information Mr H gave to MoneyBoat. He earned a good salary – he declared a monthly income of around £2,250. He confirmed to MoneyBoat in an email that he had been furloughed in April 2020 but was back working. He sent a payslip to MoneyBoat. It carried out credit searches before each loan application and Mr H had three accounts of which two were current accounts and in good shape. And one was a telecommunications contract.

There were no adverse records on those three sets of credit searches carried out by MoneyBoat. Mr H repaid the loans quickly. The amounts were for relatively modest amounts and Mr H appears to have asked for instalment terms of between 2 and 4 months.

This combined with the one copy payslip it obtained plus the screenshots of the bank account credit transaction leads me to think that MoneyBoat carried out proportionate checks. For MoneyBoat to have done more for loans 1 to 3 would have been disproportionate in my view and I would not have expected it to have done more for these loans.

I plan not to uphold Mr H's complaint about loans 1 to 3.

Gap in lending

The six month gap between paying off loan 3 and applying for loan 4 was significant enough, usually, for me to consider that it would have been reasonable for MoneyBoat to have approached Mr H's application for loan 4 as if he had been a new customer. And I know that our adjudicator did treat it as a break in the lending relationship.

But since our adjudicator's view I have obtained further information which was that MoneyBoat declined two applications from Mr H on the 24 November 2020 and then on the 8 January 2021.

And so, I do not consider that there was a total break. Mr H had continued to reapply and it had processed his applications. So, I am treating the whole lending relationship as one loan chain.

Loan 4

Mr H applied for a larger sum - £800 – on 18 May 2021 and declared a monthly income of £2,250. This net monthly declaration of monthly salary was much the same for each of the applications according to the FRL. It increased to around £2,438 for loans 5, 6 and 7.

The credit search did reveal that Mr H had very little debt and had few accounts. Mr H has

mentioned that he had one account with a larger overdraft - £4,700 – and that he was at the top end of his limit. I have seen that the credit search carried out before approving loan 4 did show Mr H had two current accounts – one which had a zero balance in March 2021 and the other that his overdraft balance was £4,591 on a £4,700 overdraft limit.

This overdraft situation, plus the declined applications before this loan 4 application ought to have placed MoneyBoat on notice that there were features of Mr H's financial situation which had led to those declined loans. I stipulate that it's the combination of the declined loans plus the overdraft situation which prompts me to say this. An overdraft on its own would not likely have been of too much of a concern to a lender such as MoneyBoat. And I note that it did not obtain any payslips or screenshots from Mr H then.

I think that MoneyBoat ought to have delved into Mr H's financial situation for an £800 loan which was for an amount double the declined loan applications a few months before. I don't think that MoneyBoat did that.

There are several ways it could have done this, and one way may have been to have reviewed bank account statements. Although I acknowledge that this is not the only way to check a person's full financial situation.

So, I have been provided with some of the bank account statements of Mr H around that period and I have reviewed them to see what it was that MoneyBoat may have seen if they had been requested and provided before approving loan 4.

The bank account screenshot I have from Mr H shows the MoneyBoat loan 4 £800 crediting his account on 18 May 2021. All I can see before that are that on 17 May 2021 Mr H was £2,345 overdrawn which was a reduction in the overdraft balance the credit search had told MoneyBoat. Plus, the transactions do not look to have been anything of concern.

Any transactions on 18 May 2021 would not have been seen by MoneyBoat as they would not have taken place as loan 4 was funded on 18 May 2021.

The other information Mr H had declared to MoneyBoat – income and expenditure – it has outlined those figures in its FRL and overall they point to the loan being affordable. And I have no information to contradict those amounts.

I plan not to uphold Mr H's complaint about loan 4.

Loan 5

This was taken soon after loan 4 had been repaid very early (he had loan 4 for six days). Again, with the previously declined loans, I consider that checking Mr H's financial situation would have been proportionate and prudent. The credit search MoneyBoat carried out showed that the balance on that current account was now a fifth of what it had been – just over a £1,000 into the overdraft whereas in May 2021 it had been almost at the limit of £4,700.

The screenshot of Mr H's bank account I have seen (sent by Mr H) shows me that his overdraft was back up to around £4,671. So, it's clear that this overdraft balance fluctuated a great deal.

But apart from that I cannot see any transactions between 4 and 9 June 2021 that would have caused MoneyBoat to consider that Mr H had a problem – either financial or of a gambling nature.

I've also reviewed the bank statements Mr H had sent to MoneyBoat as part of its complaint investigation – which now has been established as having been sent after the loans were approved. These are the same screenshots for May and June 2021 Mr H had sent to us. So, my view doesn't change.

Again, the income and expenditure figures Mr H gave to MoneyBoat at loan 5 are set out in

the FRL, I have no figures to contradict them and so the loan repayments looked affordable.

So, I plan not to uphold Mr H's complaint about loan 5.

Mr H paid off loan 5 on the day he took it.

Loan 6

Loan 6 was applied for over four months after he had repaid loan 5 early and this was some distance in time away from the declined loans. And as Mr H had only been in debt with MoneyBoat for a short time – a few days in May and June 2021 - it's very likely that MoneyBoat would have viewed that significant break as being an indication that Mr H's finances had not deteriorated.

The four month gap before applying again would not have given MoneyBoat any indication that he was reliant on the credit it offered and so it would not likely have raised any concerns when Mr H did reapply.

MoneyBoat carried out a further credit search and this time the current account with the £4,700 overdraft was back up to almost its limit. But his overall debt had reduced. And having reviewed the bank account statements screenshot Mr H has sent to us then I have two points about those:

- the first is that it shows no gaming/betting transactions such that MoneyBoat would have been alerted to a problem had it reviewed them at the time, and
- the second is that on 26 October 2021 it shows that Mr H took one other loan and drew down on another type of credit facility. And so if Mr H had been asked for and provided bank transaction lists for MoneyBoat then these two listed would not likely have led to MoneyBoat declining the loan application. The other transactions on 27 October 2021 would not likely have been available to see on 27 October 2021.

And its own record with Mr H had been a positive lending relationship experience.

So, I plan not to uphold Mr H's complaint about loan 6.

Loan 7

Mr H had repaid loan 6 in two days thereby adding to the good repayment record he had with MoneyBoat.

It carried out a credit search and the overdraft facility had been paid down, the limit had been reduced by the bank to £4,110 and the overdraft balance was at £3,911. The headline information MoneyBoat would have obtained from that credit search showed this:

<i>Total Balances (All):</i>	<i>£6,405</i>
<i>Total Balances (Loans/Installment Credit):</i>	<i>£2,108</i>
<i>Total Balances (Revolving Credit/Budget):</i>	<i>£386</i>
<i>Total Limits (Revolving Credit/Budget):</i>	<i>£1,004</i>
<i>Balance to Limit Ratio (Revolving Credit/Budget):</i>	<i>38%</i>

I do not consider this to have presented a poor credit picture.

Mr H had only five active accounts and the overall picture was relatively good.

Mr H's income and expenditure figures set out in the FRL indicate that the loan was affordable.

So, the two main planks of Mr H's submissions which were that his overdraft plus his bank statements ought to have been reasons for MoneyBoat not to have lent to have him, have not been established.

I plan not to uphold Mr H's complaint.

Loans in February and March 2022 and January 2023

I have not needed to look into these loans, as they were all declined and post-dated the complaint of 15 February 2022. It's highly unlikely that MoneyBoat would lend to anyone who had brought an irresponsible lending complaint to it.

This is the end of the duplicated 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.

Both parties were given time to respond to my provisional decision. MoneyBoat has not responded. As the provisional decision was a non-uphold I'd not necessarily expect to receive any additional submission from it.

Mr H has responded in some detail and address those points here. Mr H has said:

- *'I am surprised by this decision, given the fact I was gambling every day for a very long period of time the loans were all funded through out a period where I [sic] other multiple loans to pay off these loans at each point. Essentially "robbing Peter to pay Paul".'*
- *Adequate searches were not performed to find out about my financial health and many loans were taken within a short period of time with this company and many others when I was experiencing extreme financial difficulty.*
- *I am thoroughly disappointed that this is the conclusion to this case and have to bring into question the depth in which these checks are performed.*
- *The ombudsman has clearly chosen to only take into account Moneyboats [sic] side of the story and this is very sad.*
- *I suppose the financial institutions will essentially stick together and my account of the situation, my lack of affordability for the loans, the irresponsible lending and difficulty this caused me will mean very little.*
- *I will not continue to pursue but I hope more thorough checks will be done in other cases similar to mine.'*

On the issues surrounding whether MoneyBoat had carried out proportionate checks before lending to Mr H I have addressed that in the lengthy provisional decision sent in April 2023. Mr H had time to send in any further documents or bank statements or additional information and to make further submissions to me on the point but he has not done that.

I took care and time to obtain from MoneyBoat the information I needed about when it was it saw Mr H's bank account statements. It was important to know whether that was before the lending decisions were made or afterwards, and I established it was afterwards. I had asked Mr H about this but his answer was ambiguous and so I needed to be sure and checked it with MoneyBoat. This was important to assess just what MoneyBoat had seen – including its own credit searches – before lending to Mr H, to decide whether it had lent irresponsibly.

I took time to compare the bank account statements from Mr H which he'd sent to MoneyBoat after he'd complained and the ones he'd sent to us. They were the same. They were extracts and screenshots of some of the bank account statements for some of the lending relationship period and not the full picture. That's a matter for Mr H. He's been asked for them. It's up to Mr H what he chooses to send us.

So, when Mr H says that he's disappointed at the '*...depth in which these checks are performed.*' and '*...but I hope more thorough checks will be done in other cases similar to mine.*' then there are two interpretations here.

The first interpretation is that it may be Mr H's criticisms are levelled at MoneyBoat. My observation is that I have addressed the point about the checks carried out by MoneyBoat in detail in my provisional and now my final decision. So, I'd consider these issues surrounding adequate checks to have been answered.

The second interpretation is that those comments are aimed at the manner in which the Financial Ombudsman Service approaches a complaint. We are an informal complaint resolution service and I consider that this complaint is an example of where we have gone into detail.

As for the comment that I have '*...clearly chosen to only take into account Moneyboats [sic] side of the story...*' then Mr H is incorrect. My approach across two decisions has been balanced and fair as required of me by the Financial Ombudsman Service.

Using the evidence I have from both parties, applying the regulations and approach to lending in these kinds of loan relationships and for the reasons I have set out in my provisional decision and which are repeated here, then I do not uphold Mr H's complaint.

My final decision

My final decision is that I do not uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 31 May 2023.

Rachael Williams
Ombudsman