DRN-4274531

The complaint

Mr H complains that Evergreen Finance London Limited trading as Moneyboat irresponsibly lent to him.

What happened

Moneyboat lent Mr H four instalment loans between August 2020 and September 2022, the details of the loans are as follows:

Loan number	Start date	Loan amount	Term	Instalment	End date
1	10/08/2020	£200	6 months	£56.89	26/01/2021
2	05/02/2021	£400	6 months	£116.28	26/07/2021
3	01/03/2022	£400	6 months	£120.14	26/08/2022
4	15/09/2022	£200	4 months	£69.93	21/12/2022

When Mr H complained to Moneyboat, it said it carried out sufficient checks and those checks showed Mr H could afford the loans and so it didn't uphold any part of his complaint. Mr H referred his complaint to the Financial Ombudsman Service where it was looked at by one of our adjudicators, our adjudicator didn't think Moneyboat had done anything wrong, so he didn't recommend that the complaint should be upheld.

Mr H disagreed, he said his credit file showed he'd been dependent on short term credit, and he had large credit card debts and had only been making minimum repayments on his revolving credit accounts. Mr H said these should have prompted Moneyboat to carry out further checks and had it done so, it would have seen he had a gambling problem and wouldn't have lent to him.

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

Moneyboat needed to take reasonable steps to ensure that it didn't lend irresponsibly. In practice this means that it should have carried out proportionate checks to make sure Mr H could repay the loans without suffering undue financial detriment. These checks could consider a number of different things, such as how much was being lent, the repayment amounts and Mr H's income and expenditure. With this in mind, in the early stages of a lending relationship, I think less thorough checks might be reasonable and proportionate.

But certain factors might point to the fact that Moneyboat should fairly and reasonably have done more to establish that any lending was sustainable for the consumer. These factors include:

- the *lower* a consumer's 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 *higher* the amount due to be repaid (reflecting that it could be more difficult to meet a higher repayment from a particular level of income).
- The *greater* the number and frequency of loans, and the longer the period of time during which a customer has been given loans (reflecting the risk that repeated refinancing may signal that the borrowing had become, or was becoming, unsustainable).

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

Moneyboat was required to establish whether Mr H could sustainably repay his loans – not just whether the loan payments were affordable on a strict pounds and pence calculation.

Moneyboat has provided evidence to show before lending any of the loans, it asked Mr H about his income and living costs including credit commitments. It says it increased Mr H's expenses based on the information it saw on his credit file. Moneyboat has provided the credit search results for loans 1, 2 and 4 as evidence it searched Mr H's credit file before lending those loans. At the time of the loans, Mr H's declared income varied from £2,000 (at the time of loan 1) - £2,350 (at the time of loan 4).

For loan 1, Mr H declared his monthly expenses as £560, Moneyboat increased this by £290, this meant Mr H had around £1,150 left in disposable income. Mr H's credit file showed he had a number of loan accounts which had mostly been settled by the start of this loan. From what I can see, Mr H only had one loan account he was repaying at this time.

Mr H also had a number of credit card and mail order accounts. Mr H has argued he'd only been able to make minimum repayments on these accounts. I can see Mr H was making regular payments towards these accounts some of which were likely higher than the minimum required payments. I think broadly, the balances on these accounts were reducing and as Mr H had demonstrated the ability to repay his other loans in time, I don't think it suggests he was in persistent debt. In those circumstances, I don't think Moneyboat should have been concerned or prompted it to take its checks further. I'm also mindful that Mr H's income and expenses left him with a large disposable income.

Mr H was in a similar situation at the time of loan 2, his income and expenses again showed he was left with over £1,000 in disposable income and his credit file also didn't suggest he was in financial difficulties.

There was a significant break between Mr H repaying loan 2 and borrowing loan 3. While Mr H has provided a copy of his credit file, Moneyboat hasn't provided evidence it searched Mr H's credit file before this loan**.** However, I don't think that means it didn't do enough before lending this loan. Due to the break in lending, I think the lending relationship was reset. The information Mr H declared showed he was left with around £1,500 in disposable income. Mr H had also repaid both his previous loans before their due date. I'm also mindful that the repayments on this loan represented a small fraction of Mr H's declared income of £2,350.

By loan 4, I think the results of Moneyboat's credit check showed Mr H had taken out further loans that were outstanding, Mr H also still had balances on his revolving credit accounts. Looking at Mr H's monthly credit commitments, he'd have still be left with sufficient disposable income to repay the loan over its term. This loan repayment was just under £70, and it had the shortest term of all the other loans, the loan amount also reduced from the time of loans 2 and 3 so I don't think Mr H had established a pattern of lending that should have been concerning to Moneyboat.

Mr H had borrowed other loans throughout his lending relationship with Moneyboat, but he'd repaid those loans and from what I can see, he didn't have a significant number of outstanding loans when Moneyboat lent. Mr H was left with sufficient disposable income and there was nothing to suggest Moneyboat knew about Mr H's gambling or should have known about it through the reasonable checks it conducted.

So overall, I think Moneyboat did enough before lending the loans and its checks showed Mr H could afford the loan repayments over the term. In the circumstances, Moneyboat hasn't treated Mr H unfairly by lending to him when it shouldn't have.

My final decision

For the reasons given above, I don't uphold Mr H's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 12 February 2024.

Oyetola Oduola
Ombudsman