DRN-4307407

The complaint

Mr B complains Evergreen Finance London Limited trading as MoneyBoat.co.uk ("MoneyBoat") gave him loans without carrying out sufficient checks, had MoneyBoat done better checks it would've seen he was "*heavily in debt*".

What happened

A summary of Mr B's borrowing can be found in the table below.

loan number	loan amount	agreement date	repayment date	number of monthly instalments	highest repayment per loan
1	£200.00	09/03/2020	24/04/2020	2	£122.21
2	£200.00	04/05/2020	25/06/2020	2	£124.57
3	£200.00	26/06/2020	25/08/2020	2	£133.61
4	£400.00	25/08/2020	25/02/2021	4	£159.45

MoneyBoat considered the complaint and concluded it had made a reasonable decision to provide these loans because it had carried out proportionate checks. Mr B didn't agree.

The complaint was considered by an investigator, who didn't uphold it because she didn't think MoneyBoat had done anything wrong when it approved these loans.

Mr B didn't agree with the outcome the investigator reached because he doesn't think MoneyBoat did enough to check that the loans were affordable for him, and better checks would've shown he had outstanding debt which included other payday loans.

As no agreement could be reached the case was passed for a final 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.

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 Mr B 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 have taken into account a number of different things, such as how much was being lent, the size of the repayments, and Mr B'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 B. These factors include:

- Mr B 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 B 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 B 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 B. But I don't consider this applies to Mr B's complaint.

MoneyBoat was required to establish whether Mr B 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 B was able to repay his loans sustainably. But it doesn't automatically follow that this is the case.

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

Before these loans were approved, MoneyBoat carried out the same sort of checks. It firstly, asked Mr B for details of his income and for each loan this was declared as being £1,658 per month. MoneyBoat says the income figures were checked through a third-party report provided by a credit reference agency. I consider this to a reasonable course of action.

Mr B also declared monthly outgoings of between £951 per month and £1,058 per month. My understanding of MoneyBoat's affordability process is that it likely used information from its credit search (which I'll come onto discuss below) and / or from the "*Common Finance Statement*" to possibly adjust the declared expenditure Mr B had provided.

In this case, MoneyBoat made adjustments to each loan application by increasing Mr B's expenditure by between £149 and £199 per month. For example, for loan 1, MoneyBoat used a monthly expenditure figure of £1,207 for its affordability assessment. But even with the increased expenditure, there was still sufficient disposable income for Mr B to afford his repayments.

Before each loan was approved MoneyBoat also carried out a credit search and it has provided the results it received from the credit reference agency for each loan. It is worth saying here that although MoneyBoat carried out credit searches, there isn't a regulatory requirement to do one, let alone one to a specific standard.

The credit check results for each loan weren't, in my mind, concerning and so wouldn't have led MoneyBoat to carry out further affordability checks or to have declined the applications. It knew that Mr B had defaulted on six accounts, but these had all occurred between 2014 and 2017 – and so in my view were too far removed from these loans to have concerned MoneyBoat and no new defaults were added during the lending relationship.

There also doesn't appear to have been, at least on the results of the credit search, a pattern of Mr B taking out new payday loans in order to repay other lenders. Indeed, by loan 4, there were no other outstanding payday loans visible. That doesn't mean Mr B didn't have such loans outstanding, only that the results MoneyBoat received, and what it could rely on showed no outstanding loans.

I have considered whether the pattern of Mr B’s loans ought to have led MoneyBoat to do further checks especially because the loans towards the end of the relationship were taken out with a day or on the same day a previous loan was repaid.

I have thought carefully about whether a quick uptake ought to have been of a concern, but I don’t think it would’ve raised any flags with MoneyBoat, especially as the loans weren’t increasing in value until the final loan. But even then, the final loan was still fairly modest. In my view, no clear pattern had yet been established. I don’t think the pattern of borrowing at this point would’ve automatically led MoneyBoat to have declined the loan and / or have prompted it to carry out further checks.

Overall, there was also nothing else in the information that I’ve seen that would’ve led MoneyBoat to believe that it needed to go further with its checks – such as verifying the information Mr B had provided. So, while Mr B has suggested further checks were needed and he provided his bank statements to MoneyBoat as part of his complaint I don’t think given what MoneyBoat knew that it needed to go further with the checks.

As only four loans were granted, as well as MoneyBoat carrying out what I consider to be proportionate checks which showed it that Mr B would likely be able to afford his repayments, I think that it was appropriate for MoneyBoat to have agreed to lend.

I’m therefore not upholding Mr B’s complaint.

My final decision

For the reasons I’ve outlined above, I’m not upholding Mr B’s complaint.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr B to accept or reject my decision before 2 February 2024.

Robert Walker
Ombudsman