

The complaint

Mr H complains Evergreen Finance London Limited trading as MoneyBoat.co.uk ("MoneyBoat") gave him loans while he had a "*poor*" credit score. He also says it offered no help and support apart from extending the loan term.

What happened

A summary of Mr H'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	£350.00	18/04/2023	26/06/2023	3	£141.28
2	£450.00	26/06/2023	outstanding	3	£218.49

Based on the most recent information from MoneyBoat an outstanding balance remains due on loan two, but its possible this has now been repaid given what Mr H said in response to the investigator's assessment.

MoneyBoat considered the complaint and concluded it had made a reasonable decision to provide these loans because it had carried out proportionate checks which showed it Mr H could afford them.

Mr H then referred the complaint to the Financial Ombudsman where it 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. She also said it had acted reasonably and fairly when Mr H approached it for assistance.

Mr H didn't agree with the outcome the investigator reached saying the final loan has been repaid but only through a repayment plan. At the time Mr H's credit score was "*horrendous*" and that should've been enough to refuse the loan.

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 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 have taken into account a number of 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. But I don't consider this applies to Mr H's complaint because only two loans were advanced.

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.

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

Before these loans were approved, MoneyBoat carried out the same sort of checks. It firstly, asked Mr H for details of his income and this was declared as being £1,560 per month for loan 1 and £1,513 per month for loan 2. MoneyBoat also says the income figures were checked through a third-party report provided by a credit reference agency. I consider this to proportionate steps to have taken for the first two loans.

Mr H also declared monthly outgoings of £450 per month at loan 1 and £639 per month when loan 2 was advanced. 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 H had provided.

In this case, MoneyBoat made adjustments to each loan by increasing Mr H's expenditure by £400 per month for loan 1 and £211 for loan 2. This meant for both loans, MoneyBoat's affordability assessment was based on Mr H's outgoings being to £850 per month. Even with the increased expenditure, there was still sufficient disposable income for Mr H 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 both loans were similar and as far as I can see there wasn't anything too, concerning and so the results wouldn't have led MoneyBoat to carry out further affordability checks. It knew that Mr H hadn't defaulted on any accounts, he didn't have any County Court Judgements, or any other type of insolvency recorded.

For loan 1, MoneyBoat was informed of one outstanding payday loan but given the balance that was outstanding at the time, and the required repayment it was likely that loan would've been either repaid before loan 1 was advanced or would've been repaid shortly afterwards. But evidence of one active payday loan wouldn't have, in my mind, prompted it to have carried out further checks when the information it had didn't indicate Mr H had been reliant on such loans.

MoneyBoat was also aware of a number of outstanding credit cards – at least 10 - the balances were close to or at the credit limit but generally these had been managed well. While there was the odd missed payment recorded, there wasn't as far as I can see any pattern to these, and the arrears on any account had then been corrected fairly quickly. So, I think it would've been reasonable, at this early point in the lending relationship for MoneyBoat to not have asked further questions.

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 H had provided. So, while Mr H has suggested further checks were needed, I don't think they were, given what he declared and the value of the loans.

As only two loans were granted and MoneyBoat carried out what I consider to be proportionate checks which showed it that Mr H would likely be able to afford his repayments, I therefore think that it was in appropriate for MoneyBoat to have agreed to lend.

I'm not upholding Mr H's complaint about the lending decision.

Help and support

Mr H has also complained MoneyBoat didn't offer any help or support to him, instead all MoneyBoat did was to charge more interest.

In order to see what happened, I've reviewed the customer contact notes provided by MoneyBoat. The first time MoneyBoat was told about any potential difficulties was a month after loan 2 was advanced on 27 July 2023. At this point, Mr H offered to make a smaller payment towards the balance before bringing the account up to date a month later.

On the same day, Mr H also told MoneyBoat through email that the loan would be cleared by 1 September 2023 and he agreed to the extra interest that would be added to the balance as a result of not paying the contracted amount. This does show Mr H was aware that delaying the payment of the loan would lead to further interest, and this is consistent with the credit agreement that Mr H signed when he took the loan.

There wasn't anything in what Mr H appears to have told MoneyBoat to suggest he was having anything other than a short-term problem. I also think it was reasonable to MoneyBoat to have made enquires with Mr H about what led him to not being able to make his July 2023 contractual payment.

Given the information that MoneyBoat had the time about Mr H's circumstances I think it acted in a reasonable manner by agreeing to the lower repayment of £50. I appreciate this time may have been difficult for Mr H. But I can't agree that there were lots of phone calls, indeed, based on the contact notes there was very little contact from either party from July 2023 until after MoneyBoat had issued the final response letter.

In my view the actions of MoneyBoat were in my view entirely fair and reasonable, given what it was aware of at the time. So I don't uphold this part of Mr H's complaint either, I appreciate he will be disappointed by this but I hope my explanation has been helpful.

My final decision

For the reasons I've outlined above, I'm not upholding 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 27 February 2024.

Robert Walker
Ombudsman