

The complaint

Ms E complains through a representative that Evergreen Finance London Limited trading as MoneyBoat.co.uk ("MoneyBoat") provided her with loans without carrying out proportionate checks.

What happened

A summary of Ms E's borrowing can be found below.

loan number	loan amount	agreement date	repayment date	number of monthly instalments	largest repayment per loan
1	£250.00	04/04/2022	24/06/2022	3	£114.27
2	£300.00	30/06/2022	25/10/2022	4	£115.09

MoneyBoat considered the complaint about the sale of the loans and concluded it had made a reasonable decision to lend because it had carried out proportionate checks which showed Ms E could afford these loans. Unhappy with this response, Ms E's representative referred the complaint to the Financial Ombudsman.

The complaint was considered by an investigator, who didn't uphold it because proportionate checks had been carried out which showed the loans to be affordable.

Ms E's representative didn't agree and instead asked for the complaint to be reviewed by an ombudsman. As no agreement could be reached the case has been passed to me for a 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 Ms E 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 have taken into account a number of different things, such as how much was being lent, the size of the repayments, and Ms E'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 Ms E. These factors include:

- Ms E 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);
- Ms E 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);
- Ms E 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 Ms E. The investigator didn't consider this applied to Ms E's complaint and I would agree given only two loans were advanced.

MoneyBoat was required to establish whether Ms E 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 Ms E was able to repay her 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 Ms E's complaint.

Before these loans were approved, MoneyBoat asked Ms E for details of her income, which she declared as being £2,250 per month for loan one and £2,300 per month for loan two. MoneyBoat says the declared income figure was verified using a credit reference agency.

As part of her applications, Ms E was asked for details of her monthly expenditure, which included asking for how much she paid to rent, credit commitments, food, transport and other spending. Ms E declared monthly outgoings of £1,700 for loan one and £1,462 loan two.

My understanding of MoneyBoat's affordability process is that it likely used information from Ms E's credit check results as well as considering averages in the "*Common Financial Statement*". Following what I understand to be these further checks, MoneyBoat didn't make any adjustments to the expenditure figures Ms E provided.

Before these loans were approved MoneyBoat also carried out a credit search and it has provided a copy of the results it received from the credit reference agency for each loan.

The credit files showed similar results, which is not surprising given how relatively close together the loans were. MoneyBoat was told that Ms E had at least eleven active accounts, owing around £9,000. There wasn't any County Court Judgements recorded or any defaults recorded within the last three years.

MoneyBoat knew of an outstanding loan, hire purchase agreement, two credit cards, two current accounts and a utility bill. Ms E was paying around £370 per month towards these existing credit commitments. Which is broadly the amount Ms E declared as her monthly credit commitments to MoneyBoat as part of her applications.

Having reviewed the credit check results, in my view there isn't anything that would've indicated that Ms E would struggle to repay her loans or that there was anything to suggest that MoneyBoat needed to have carried out further checks such as verifying the information Ms E had provided.

It was reasonable for MoneyBoat to have relied on the information Ms E provided about her income and expenditure which showed she had sufficient disposable income to afford the loan repayments. There also wasn't anything else to suggest that Mrs S was having either

current financial difficulties or anything to suggest that these loan repayments would be unsustainable for her.

Taking everything into account, I am not upholding Ms E's complaint about these loans.

My final decision

For the reasons I've outlined above, I am not upholding Ms E's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms E to accept or reject my decision before 29 February 2024.

Robert Walker
Ombudsman