

The complaint

Mr M complains that Evergreen Finance London Limited trading as MoneyBoat.co.uk irresponsibly lent to him

What happened

MoneyBoat lent Mr M one loan in January 2022, the loan was for £800 repayable in six monthly instalments of £239.61.

When Mr M complained to MoneyBoat it didn't uphold his complaint, it said it carried out sufficient checks and Mr M could afford the loan based on its checks. Mr M didn't accept this and referred his complaint to the Financial Ombudsman Service.

One of our investigators looked at the complaint and thought MoneyBoat shouldn't have lent to Mr M as it should have seen he was struggling financially. MoneyBoat disagreed and asked for the complaint to be looked at by an ombudsman.

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 M could repay the loan when it fell due and without suffering financial detriment. These checks could take into account a number of different things, such as how much was being lent, the repayment amounts and the consumer's income and expenditure.

MoneyBoat has shown that before agreeing to lend to Mr M, it asked him about his monthly income and expenses including his credit commitments. MoneyBoat also searched Mr M's credit file.

Mr M declared his monthly income as £1,900 and his expenses including credit commitments as £1,130. On the face of it, this meant Mr M has sufficient income to meet his loan repayments. However, I'm concerned about the results of MoneyBoat's search into Mr M's credit file.

The results of the search showed Mr M was in arrears on his mortgage, a priority bill and in arrears on a loan secured on his home. Mr M had been in arrears since 2021. The credit file also showed Mr M was close to his credit limit on two of his three credit card accounts, was repaying a home credit loan and although historic, he had active county court judgements.

The investigator said based on the arrears on Mr M's mortgage MoneyBoat should have known he was struggling. MoneyBoat disagreed saying it didn't think it should have declined

to loan on that basis as it wasn't clear what was going on. It also asked whether the Financial Ombudsman Service has seen further information from Mr M about his finances at the time.

A mortgage payment is a priority bill and MoneyBoat will be aware of this, I'd have expected that at least it should have asked Mr M some questions and made further enquiries about the arrears and his overall financial circumstances. Given what its checks showed, it didn't do enough to react to what it saw as it should have been seeking to clarify Mr M's financial position. I don't think it was reasonable for MoneyBoat to continue with the lending without at least further checks.

Mr M has provided copies of his bank statements from around the time of this loan, he has also provided his mortgage and secured loan details. From what I can see, around the time of this loan, Mr M was in arrears of around £15,000 on his mortgage and secured loan. Mr M's income was similar to what he declared, and he was making significant payments towards betting transactions.

I think even without taking its checks further, it should have been obvious to MoneyBoat Mr M was struggling financially, it is unlikely a consumer would accrue mortgage arrears and sustain the arrears without having problems with their finances. Had MoneyBoat been curious enough to take its checks further it'd likely have found Mr M wasn't in a position to afford this loan repayment over the term without suffering financial detriment.

MoneyBoat didn't do enough before agreeing to lend and it has lent to Mr M when it shouldn't have, and it needs to put things right.

Putting things right

To put things right, MoneyBoat should:

- Remove all interest, fees and charges on the loan, and treat any repayments made by Mr M as though they had been repayments of the principal of £800. If there is still an outstanding balance, then the amounts calculated may be used to repay any balance remaining on the outstanding loan. If this results in Mr M having made overpayments, MoneyBoat should refund these overpayments with 8% simple interest* calculated on the overpayments, from the date the overpayments would have arisen, to the date the complaint is settled.
- If after the calculations above, there is still an outstanding balance then MoneyBoat should agree an affordable repayment plan with Mr M.
- You should remove any adverse information recorded on Mr M's credit file in relation to his loan once the capital has been repaid.

*HM Revenue & Customs requires MoneyBoat to take off tax from this interest. MoneyBoat must give Mr M a certificate showing how much tax it's taken off if he asks for one.

My final decision

For the reasons given above, I uphold Mr M's complaint and direct Evergreen Finance London Limited trading as MoneyBoat to put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 25 March 2024.

Oyetola Oduola
Ombudsman