

## The complaint

Mr M complains that Evergreen Finance London Limited trading as MoneyBoat.co.uk ("MoneyBoat") provided him with loans without properly checking his finances.

## What happened

Mr M was granted five loans and a summary of his borrowing can be found below.

loan number	loan amount	agreement date	repayment date	number of monthly instalments	largest repayment per loan
1	£500.00	28/09/2022	28/11/2022	3	£229.85
2	£400.00	09/01/2023	20/04/2023	4	£140.18
break in lending					
3	£500.00	16/02/2024	20/02/2024	4	£200.92
4	£700.00	06/03/2024	20/03/2024	5	£217.90
5	£850.00	25/03/2024	outstanding	6	£256.53

MoneyBoat considered the complaint and concluded it had made a reasonable decision to lend because it had carried out proportionate checks which demonstrated Mr M could afford his repayments. Unhappy with this response, Mr M referred the complaint to the Financial Ombudsman.

The complaint was considered by an investigator, who didn't uphold it about any of the loans because the lending relationship spanned two periods and MoneyBoat had carried out proportionate checks which showed the loans to be affordable.

Mr M didn't agree with the investigator's findings and provided a screen shot of a final decision he had received on another complaint that went in his favour. As no agreement could be reached the complaint has been passed to me to review.

## 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 M 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 M'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 M. These factors include:

- Mr M 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 M 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 M 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 M. The investigator considered this didn't apply to Mr M's complaint and I would agree, given the number of loans and the break in the borrowing relationship.

MoneyBoat was required to establish whether Mr M 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 M 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 M's complaint.

Mr M has provided a partial screen shot of a final decision against a credit card provider – and that complaint has been upheld in Mr M's favour – and so I think the inference Mr M is drawing is that because the complaint has been upheld for unaffordable lending that it therefore follows this complaint should also be upheld.

But my role is to consider the individual circumstances of the complaint taking account of any relevant law and regulation. What that does mean is that there are times when what appear to be similar circumstances can lead to different outcomes depending on the type and nature of the borrowing and the types of check(s) any lender may have carried out and what those checks showed.

In short, another final decision doesn't set a precedent that I'm bound to follow. I'm satisfied in this case, I've fully considered the information Mr M gave to MoneyBoat as well as the checks it conducted, what those checks showed as well as accounting for the break in the borrowing relationship.

## **Loans 1 and 2**

MoneyBoat carried out the same sort of checks before it advanced these loans to Mr M. Firstly, Mr M was asked to declare his monthly income which he said was £4,000 per month for loan 1 and £3,800 per month for loan 2. MoneyBoat says Mr M's income was cross referenced using a credit reference agency. For the first two loans these checks into Mr M's income were reasonable.

MoneyBoat also made enquires with Mr M about his housing costs as well as his other living costs and Mr M declared these totalled £1,370 for loan 1 and £1,334 for loan 2.

MoneyBoat then went about checking these figures firstly from information gathered from Mr M's credit report. And it is also my understanding that MoneyBoat also likely compared Mr M's declared living costs against averages found in the "*Common Financial Statement*". Having carried out these checks, it didn't make any adjustments to Mr M's declared living costs. MoneyBoat calculated at a minimum that Mr M had £2,466 in disposable income each month to afford his loan repayments.

MoneyBoat also carried out a credit search and it has provided the results it received from the credit reference agency and so I've considered these to see whether there was any indication that it either needed to decline Mr M's application or to have prompted it to carry out further checks.

The credit check results were broadly similar and wouldn't have given any cause for concern. Mr M had seven active accounts, include three credit cards that were near their limit but had been repaid in line with the agreement and so no adverse information was being reported. Mr M also had a loan costing him £194 per month again this had been repaid without any apparent problems.

There was an unsatisfied County Court Judgement (CCJ) that had been recorded in July 2021 but given there hadn't been any other defaulted or delinquent accounts since then, I think it would've been reasonable for MoneyBoat to not have been overly concerned by it.

I'm sorry to hear about what Mr M has said about his gambling at the time these loans were approved. But that information wasn't reflected in either the information Mr M gave to MoneyBoat or in the results of the checks that MoneyBoat conducted. As such, there wasn't anything that would've prompted it to have investigated Mr M's spending in more detail and so the gambling wouldn't have been uncovered.

Overall, given the value of the loans and what information Mr M provided, I do think MoneyBoat carried out proportionate checks and there wasn't anything in the results of the checks to suggest that Mr M was having or was likely having financial difficulties. In those circumstances I think it was entirely fair and reasonable for MoneyBoat to have advanced these loans.

### **Loan 3**

There was then around a 10-month gap between Mr M repaying loan 2 and when he returned for loan 3. This is significant enough break for MoneyBoat to have in effect treated Mr M as if he was a new customer. So, while this was the third loan, it in effect becomes the first loan in a new chain of borrowing.

MoneyBoat carried out the same checks as it had done so for the previous chain of borrowing. This time, Mr M declared he earned £4,200 per month. Mr M also declared his outgoings came to £1,600 per month. MoneyBoat then went about reviewing what he had declared and as before, no adjustments were made. MoneyBoat therefore concluded, based on the income and expenditure checks that Mr M could afford his repayments.

The check carried out before this loan was advanced, and this didn't show any signs that Mr M may have been having financial difficulties. The CCJ had been settled in 2022 and all of his other accounts were up to date – indeed he had reduced his balance on two credit cards to zero and only had a £349 balance on another with no other active loans.

There wasn't anything within the results to have either led MoneyBoat to decline he application or to have prompted it to conduct further checks into Mr M's circumstances. This

means it would've been disproportionate for MoneyBoat to have made further enquiries with Mr M and so it wouldn't likely have discovered that he was gambling.

I've also considered that this was the first loan of a new lending chain and the information given to MoneyBoat and what it found out from its own checks suggested Mr M wasn't having financial difficulties and could afford his repayments. I do not uphold Mr M's complaint about this loan.

## **Loans 4 and 5**

MoneyBoat carried out the same checks for these loans as it had done for loan 3, and taking account of the amounts borrowed and what it discovered from its checks the loans looked affordable. I'm also satisfied the checks it conducted were proportionate and it didn't need to do any more before lending because there were no indicators from either the information given to it from Mr M or in the results of its own checks, indicated he was likely experiencing financial difficulties.

MoneyBoat asked Mr M about his income and expenditure and then after cross referencing that information it believed he had around £2,500 disposable income for loan 4. For loan 5, it increased Mr M's monthly outgoing by a £143 but even with this increase it still left a sufficient amount of disposable income for MoneyBoat to be confident that these loans were affordable.

I've looked at the credit check results MoneyBoat received, and it didn't show anything to suggest Mr M was either struggling with too much debt or was struggling to meet his repayments.

There was no new adverse credit file data, and all the accounts were up to date. Mr M had opened a new longer-term loan in February 2024, and this showed in the credit check for loan 5 but not loan 4. But even factoring in the payments for this loan at £172 per month there wasn't anything that would've prompted further checks.

All the checks conducted by MoneyBoat indicated that Mr M was managing his payments well, wasn't over indebted and could afford his loans and as I've concluded proportionate checks were conducted prior to providing these loans it therefore follows I am not upholding Mr M's complaint about them.

Based on the latest statement of account, an outstanding balance still remains due for loan 5, and I would remind MoneyBoat of its obligation to treat Mr M fairly and with forbearance, if necessary.

Finally, I've also considered whether the relationship might have been unfair under s.140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I don't think MoneyBoat lent irresponsibly to Mr M or otherwise treated him unfairly in relation to this matter. I haven't seen anything to suggest that Section 140A would, given the facts of this complaint, lead to a different outcome here.

## **My final decision**

For the reasons I've outlined above, I am not upholding Mr M's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 18 October 2024.

Robert Walker

**Ombudsman**