

Complaint

Mr B is unhappy Evergreen Finance London Limited (trading as “Moneyboat”.co.uk) provided him with a high-cost short-term credit instalment loan. He says the loan was irresponsibly provided given his existing circumstances.

Background

This complaint centres around the provision of a high-cost short-term credit instalment loan for £350, which Moneyboat provided to Mr B in January 2021. The loan was to be paid in three monthly instalments of around £158.

Mr B initially complained that Moneyboat failed to act fairly and reasonably towards him when he had difficulty making his repayments in 2021 and received a final response from Moneyboat in July 2021. We’ve explained that Mr B not referring that complaint within six months of Moneyboat’s final response means we can’t consider it. So we’ve only been able to consider his concerns regarding whether Moneyboat lent to him responsibly.

One of our investigators looked at Mr B’s complaint regarding the affordability of his loan and he didn’t think that Moneyboat had done anything wrong or treated him unfairly. So he didn’t recommend the complaint be upheld.

Mr B disagreed and asked for an ombudsman to look at his case.

My findings

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 the key relevant rules, guidance and good industry practice - on our website. I’ve referred to this when considering Mr B’s case.

Having carefully considered everything, I’m not upholding Mr B’s complaint. I’d like to explain the reasons for my decision in a bit more detail.

Moneyboat needed to make sure that it didn’t lend irresponsibly. In practice, what this means is Moneyboat needed to carry out proportionate checks to be able to understand whether Mr B could afford to make the repayments he was committing to before providing this loan.

Our website sets out what we typically think about when deciding whether a lender’s checks were proportionate. Generally, we think it’s reasonable for a lender’s checks to be less thorough – in terms of how much information it gathers and what it does to verify it – in the early stages of a lending relationship.

But we might think it needed to do more if, for example, a borrower’s income was low or the amount lent was high. And the longer the lending relationship goes on, the greater the risk of it becoming unsustainable and the borrower experiencing financial difficulty. So we’d expect

a lender to be able to show that it didn't continue to lend to a customer irresponsibly.

Moneyboat provided Mr B with a single loan which was due to be repaid in three monthly instalments. From what I've seen, Moneyboat asked Mr B to confirm his monthly income and expenditure. It cross checked Mr B's declaration of income against information it obtained from credit reference agencies regarding the funds going into Mr B's main account each month. It also carried out a credit search and says the information gathered suggested the loan repayments were comfortably affordable for Mr B.

Mr B says the information Moneyboat based its decision on didn't accurately reflect his actual financial position. He says he was in a cycle of debt and lacked the disposable income to repay this loan. He also says that he was significantly indebted and so he shouldn't have been lent to.

I've considered what the parties have said. It's fair to say that Moneyboat gathered a reasonable amount of information about Mr B and didn't simply rely on what he'd said before providing this loan. The credit checks carried out didn't show that Mr B had much outstanding in existing debt, or that he had any recent significant adverse information recorded against him. Furthermore, the rest of the information Mr B provided about his expenditure suggested that he had sufficient funds to be able to repay this loan.

I accept that Mr B's actual circumstances may not have been reflected either in the information he provided, or the other information Moneyboat obtained. And I'm sorry to hear that Mr B was struggling financially, that he found it difficult to repay his loan and he ended up defaulting on it.

But Moneyboat could only make its decision based on the information it had available at the time. And, at this stage of the lending relationship, I don't think proportionate checks would've extended into Moneyboat asking Mr B to provide evidence such as bank statements to verify what he'd declared.

Equally it's only really fair for me to uphold a complaint where I can safely say a lender did something wrong. And, in this case, I don't think that Moneyboat did anything wrong in deciding to lend to Mr B - it carried out reasonable checks even though it looks like the information it might've been provided with was inaccurate. Moneyboat reasonably relied on the information provided with and given the amount of the repayments involved and this was a first loan, I don't think it was unreasonable for Moneyboat to lend.

In reaching my conclusions, I've also considered whether the lending relationship between Moneyboat and Mr B might have been unfair to Mr B under section 140A of the Consumer Credit Act 1974 ("CCA").

However, for the reasons I've explained, I don't think Moneyboat irresponsibly lent to Mr B or otherwise treated him unfairly. And I haven't seen anything to suggest that section 140A CCA or anything else would, given the facts of this complaint, lead to a different outcome here.

As this is the case, I don't think that Moneyboat did anything wrong when deciding to lend to Mr B - it carried out proportionate checks and reasonably relied on what it found out which suggested the repayments were affordable. And I'm therefore not upholding Mr B's complaint. I appreciate this will be very disappointing for Mr B. But I hope he'll understand the reasons for my decision and that he'll at least feel his concerns have been listened to.

It's my understanding that an outstanding balance remained on Mr B's loan at the time he complained to Moneyboat. Although I'm not upholding this complaint, I'd like to remind

Moneyboat of its obligation to exercise forbearance and due consideration – particularly given what it now knows about Mr B's situation and his ability to make payments - should there be an outstanding balance on Mr B's loan, it own this debt and it be the case that he is experiencing financial difficulty.

My final decision

For the reasons I've explained, 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 23 September 2025.

Jeshen Narayanan
Ombudsman