DRN-5599278

Complaint

Mr C has complained about high-cost short-term credit instalment loans he took out with Evergreen Finance London Limited (trading as "MoneyBoat".co.uk). He says that these loans were unaffordable and so shouldn't have been provided to him.

Background

This complaint centres on the provision of five high-cost short-term credit instalment loans that MoneyBoat provided to Mr C. Mr C's lending history is as follows:

Loan	Taken	Settled	Amount	Instalments	Payment
1	November 2023	January 2024	£200	2	£135.86
2	July 2024	July 2024	£500	6	£140.55
3	July 2024	July 2024	£600	3	£257.92
4	July 2024	September 2024	£600	6	£188.64
5	September 2024		£400	6	£111.06

* months

One of our investigators reviewed what Mr C and MoneyBoat had told us. And she thought that MoneyBoat hadn't acted unfairly or unreasonably in providing these loans to Mr C. So the investigator didn't recommend that Mr C's complaint be upheld.

MoneyBoat disagreed and asked for an ombudsman to look at the complaint.

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 explained how we handle complaints about short term lending on our website. And I've used this approach to help me decide Mr C's complaint.

Having carefully thought about everything, I've not been persuaded to uphold Mr C's complaint. I'd like to explain why in a little more detail.

Our approach to irresponsible and unaffordable lending complaints

Mr C was provided with high-interest loans, intended for short-term use. So MoneyBoat needed to make sure that it didn't provide them irresponsibly. In practice, what this means is that MoneyBoat needed to carry out proportionate checks to be able to understand whether any lending was sustainable for Mr C before providing it.

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 that information – 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's checks before agreeing to lend to Mr C

MoneyBoat says it agreed to Mr C's applications after he'd provided details of his monthly income and expenditure. It says the information Mr C provided on his income and expenditure showed that he'd be able to make the repayments he was committing to. And in these circumstances, it was reasonable to lend. On the other hand, Mr C says that the loans were unaffordable and shouldn't have been provided to him.

I've carefully considered what the parties have said.

Did MoneyBoat act fairly and reasonably when providing loan 1 to Mr C?

It's fair to say that this isn't a case where the lender simply relied on information provided by a borrower at face value. The information MoneyBoat has provided suggests that Mr C was asked to provide details of his income, was asked questions about his expenditure and that credit checks were carried out before all of these loans were provided.

Bearing in mind the amount of the repayments for loan 1, the questions Mr C was asked and this was at the beginning of Mr C's lending relationship with MoneyBoat, I don't think it was unreasonable for MoneyBoat to rely on the information Mr C had provided in deciding whether to advance a first loan. This was particularly as there wasn't anything that was inconsistent or difficult to explain in the information that was gathered.

As the information gathered suggests that this loan was affordable for Mr C, I'm satisfied that it was fair and reasonable for MoneyBoat to provide this loan to Mr C.

Did MoneyBoat act fairly and reasonably when providing loans 2 to 5 to Mr C?

I'm mindful that there was a break of almost 6 months between loan 1 being repaid and Mr C's successful application for loan 2. This is important because I'm satisfied that the gap between loan 1 being repaid and loan 2 being taken meant that MoneyBoat was entitled to treat this application afresh, rather than as a continuation of any previous cycle of lending.

It's also fair to say that by the time of loan 5 the information in MoneyBoat's credit searches also suggested that Mr C's circumstances were relatively stable. Mr C didn't have any new defaulted accounts or other significant adverse information such as county court judgments recorded against him.

Furthermore, while the credit checks may have shown a history of payday lending, this vast majority of this was in 2023. Furthermore, even taking this into account the amount Mr C owed elsewhere wasn't excessive in comparison to his income either. In these circumstances, I don't think that there was any obvious reason for MoneyBoat to have doubted the accuracy of the information that Mr C provided for loans 2 to 5.

I accept that Mr C'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 C was struggling financially and that he found it difficult to repay his loans even though the vast majority of them were repaid early.

Having looked at the copies of the bank statements Mr C has provided us with now, I can see why Mr C may have got into difficulty. It's possible – but by no means certain – that MoneyBoat might have decided against lending to Mr C had it seen this information. However, MoneyBoat didn't have Mr C's bank statements and given the circumstances here I don't think that it needed to obtain this information from Mr C either.

In my view, proportionate checks certainly wouldn't have gone into the level of granularity whereby MoneyBoat ought reasonably to have picked up on Mr C's additional spending. I also think that it is unlikely – and certainly less likely than not – that Mr C made any attempt to disclose this at the time, or that MoneyBoat knew or ought to have known about this.

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 C - it carried out reasonable checks even though Mr C now says that the information it had was inaccurate.

MoneyBoat reasonably relied on the information provided with and given the amount of the repayments involved and the overall circumstances of Mr C's loan history, I don't think it was unreasonable for MoneyBoat to lend – especially as there wasn't anything obvious, in the information it had, to suggest Mr C wouldn't be able to sustainably repay loans 2 to 5.

Did MoneyBoat lend to Mr C in circumstances where it ought reasonably to have realised that doing so was unsustainable or otherwise harmful for him?

In reaching my conclusions, I've also kept in mind that MoneyBoat provided a total of five loans to Mr C and in some circumstances repeat borrowing in itself can sometimes be an indication of a customer borrowing in a way that is unsustainable. However, I think that there are a number of reasons why Mr C's pattern of borrowing doesn't in itself appear problematic here.

Firstly, as I've already explained there was a significant break of almost six months between loan 1 being repaid and loan 2 being provided. Mr C also settled a number of these loans well ahead of the end of the scheduled term. Indeed, Mr C settled loan 2 the day after taking it out, loan 3 four days into the agreement and loan 4, 35 days into its term. This meant that Mr C was indebted to MoneyBoat for a total of 40 days for these loans despite these loans having combined scheduled repayments terms of around 15 months.

I also think that it's also noting that loan 5 was for a lower amount than loans 2 to 4. And when it was taken Mr C was only due to be indebted to MoneyBoat for a total period of 9 months (two months for loan 1, just over a month for loans 2 to 4 and then six months for loan 5).

Bearing in mind it's not uncommon for individual high-cost short-term credit loans to be provided over terms equivalent to the entire period Mr C was due to be indebted to MoneyBoat for at the time of his application for loan 5 and the amount he borrowed was lower than for loans 2 to 4, I don't think that MoneyBoat ought to have realised that Mr C was using these loans in a way that was unsustainable.

So while Mr C being a repeat borrower here has led to me taking a closer look at the overall pattern of lending, I'm satisfied that it wasn't unfair for MoneyBoat to have provided these loans to Mr C on the basis that it ought to have realised that it was increasing Mr C's indebtedness in a way that way unsustainable or otherwise harmful for him.

Section 140 of the Consumer Credit Act 1974

Finally, I've also considered whether the lending relationship between MoneyBoat and Mr C might have been unfair to Mr C under s140A of the Consumer Credit Act 1974 ("CCA").

However, for the reasons I've explained, I'm not persuaded that MoneyBoat irresponsibly lent or treated Mr C unfairly bearing in mind all of the circumstances. And I haven't seen anything to suggest that s140A CCA or anything else would, given the facts of this complaint, lead to a different outcome here.

Overall, and based on the available evidence, I've not been persuaded that MoneyBoat acted unfairly when providing Mr C with these loans. So I'm not upholding this complaint. I appreciate that this will be very disappointing for Mr C. But I hope he'll understand the reasons for my decision and that he'll at least feel that his concerns have been listened to.

My final decision

For the reasons I've explained, I'm not upholding Mr C's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 23 September 2025.

Jeshen Narayanan
Ombudsman