

## The complaint

Mr P complains that Evergreen Finance London Limited trading as MoneyBoat.co.uk ("MoneyBoat") provided him with loans that he couldn't afford to repay.

## What happened

A summary of Mr P's borrowing can be found below.

loan number	loan amount	agreement date	repayment date	number monthly instalments	largest repayment per loan
1	£500.00	23/05/2023	23/05/2023	6	£149.30
2	£400.00	25/06/2023	outstanding	6	£127.84

MoneyBoat considered the complaint and concluded it had made a reasonable decision to lend because it had carried out proportionate checks. Unhappy with this response, Mr P referred the complaint to the Financial Ombudsman.

The complaint was considered by an investigator, who didn't uphold it. They said the checks were proportionate and showed MoneyBoat, Mr P would likely be able to afford the repayments. The investigator also pointed out that the first loan was repaid on the same day it was taken and Mr P wasn't charged any interest for being granted the loan.

Mr P didn't agree with the investigator's outcome, saying in summary.

- The type of loans granted were high risk and ought to have led to further checks.
- MoneyBoat ought to have used his bank statements to verify his income – had it done so it would've seen his income was significantly lower than he declared and he was gambling.
- The amount of income Mr P declared would've included overtime that wasn't guaranteed and Mr P didn't have as much disposable income as MoneyBoat calculated.
- Despite Mr P's debts increasing by the time of the second loan, MoneyBoat calculated he had even more disposable income.
- Mr P says he was living in his overdraft at the time of lending.
- Mr P had 20 active credit accounts which is a sign of his financial distress and should've prompted MoneyBoat to do more checks.
- Bank statements would've shown that Mr P was gambling and this ought to have led to questions about whether the loan was affordable.
- Shortly after loan 2 was granted, Mr P entered a Debt Management Plan (DMP), which shows the loan was unaffordable.
- The relevant regulations say that the checks had to be reasonable and consider vulnerability.
- The fact the first loan was repaid so quickly ought to have been of concern to MoneyBoat and showed signs of impulsive borrowing.

As no agreement could be reached the complaint has been passed to me.

### **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 P 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 P'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 P. These factors include:

- Mr P 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 P 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 P 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 P. The investigator didn't consider this applied to Mr P's complaint as there were only two loans and I would agree.

MoneyBoat was required to establish whether Mr P 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 P was able to repay his loan 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 P's complaint.

#### *Loan 1*

For loan 1, I will keep it brief, mainly for the reason I've outlined below and that no financial loss was incurred.

It's worth saying here that had I decided the loan ought to not have been granted I would've asked MoneyBoat to refund any interest, fees and charges applied above the capital amount lent, plus add 8% simple interest and finally remove adverse payment information from the credit file.

However, as Mr P repaid the loan on the day it was granted MoneyBoat has been able to show that it didn't charge Mr P any fees or charges. He borrowed £500 and repaid £500 and

so there wouldn't be any refund due to him. There would also not be any adverse payment information to remove given how quickly the loan was repaid.

So even if the loan shouldn't have been granted Mr P hasn't suffered a financial loss. I am therefore not upholding his complaint about this loan.

## *Loan 2*

Mr P says that the manner in which he repaid loan one ought to have been of concern to MoneyBoat but I disagree. He repaid loan one on the same day and so it was as if he had changed his mind and returned the money. That may not actually be the case, but the speed in which it was repaid wouldn't have raised any concerns with MoneyBoat.

In addition, Mr P is quite correct in saying that the loans he took were high cost short term credit loans. But that doesn't automatically mean that further checks are needed and should have been carried out before lending. Indeed, if this was the case, then it would be contrary to the regulations that talk about proportionate checks in the circumstances of the application and I've set out some of the indicators above – that may lead to a lender carrying out further checks.

For this loan, Mr P declared a monthly income of £4,000 – which was an increase of £500 compared to one he declared for loan one around a month before. But MoneyBoat didn't just accept what Mr P told it. It went about cross checking the information with a tool provided by a credit reference agency. This method of checking income is fairly standard within the industry, and the results of the check indicated that what Mr P had declared was likely to be accurate.

But Mr P says his income wasn't as high as that, he was working overtime and there were gambling transactions. But Mr P had declared he earned £4,000 per month and the result of the check MoneyBoat carried out didn't suggest this was inaccurate. Therefore, it was entirely fair, reasonable and proportionate to have relied upon the figure that Mr P provided, and it didn't need to check this by obtaining any other verification.

MoneyBoat also asked Mr P a number of questions about his day to day living costs including his rent, food and transport to name a few. MoneyBoat was told all of his costs came to £1,100 per month. This left just under £3,000 per month in disposable income to afford the loan.

MoneyBoat says the values provided by Mr P were subject to statistical checks and '*minimum floors*'. I appreciate Mr P has said that MoneyBoat didn't get to grips with his actual expenditure, but using statistical data is permitted by the regulations and in the circumstances of this complaint I don't think that was unreasonable.

I accept that this was a larger disposable income than what MoneyBoat calculated compared to the first loan, but this time Mr P declared a larger income which was cross referenced. So, the fact he had a larger disposable income for the second loan coupled with more debt doesn't automatically mean MoneyBoat needed to be concerned as there was a reasonable explanation as to why this had occurred.

Mr P's rent payment was declared as only £100 per month, which does seem quite low, but Mr P also declared to MoneyBoat that he lived at home with parents. So, it would be expected that this amount wasn't as high as say someone in rented or mortgaged accommodation and this would also lead to smaller utility costs. Again, it was reasonable for MoneyBoat to believe that Mr P lived at home with parents as firstly this is what it was told, but secondly, it didn't have anything else to suggest that the statement wasn't accurate.

MoneyBoat also carried out a credit search and I've considered the results it received, and I don't think in this case, given what else MoneyBoat was told that it would've sufficiently concerned to have either carried out more checks or to have declined the application.

While it did know that Mr P had 20 active accounts owing nearly £42,000 he had only opened three accounts in the last six months – with one of them being the first loan. He had no defaults within the last three years and no signs of insolvencies or County Court Judgements. Nearly £33,000 of this debt related to a number of personal loans that had been opened since October 2021.

There was some historic adverse payment information – where Mr P must have had difficulties repaying a number of accounts in 2018 and there is also a default recorded in 2017. But the defaulted balance was satisfied in August 2019. So, the adverse payment markers wouldn't have been of any concern to MoneyBoat.

There isn't a set number of active credit accounts that a consumer can have outstanding before a lender or the Financial Ombudsman may step in and say that was too many. I've considered in Mr P's complaint that he had four current accounts and a number of credit cards and store cards that had zero balances and so it would've been reasonable for MoneyBoat to believe Mr P wasn't fully utilising all of his accounts.

And while Mr P did have a number of loans active at the time, given the start date, balances and monthly repayments they were unlikely to be payday loans – and as such there wouldn't have been anything to suggest that Mr P was dependent on high-cost credit.

Mr P had declared to MoneyBoat that he had £500 per month in credit commitments but that wasn't correct and MoneyBoat was aware of that from the credit search results. Taking account of the total loan payments of £1,387 added together with the £12 mobile phone contract, £34 for mail order and credit card payments of around £150 per month (this may have been greater but it would depend on how much Mr P was paying each month to these creditors). Meant Mr P's actual monthly credit comments were at least £1,549 per month – and possibly more. Which is clearly significantly more than what MoneyBoat used for its affordability assessment.

So, what MoneyBoat ought to have done was substituted the figure it found out from the credit reference agency into the affordability assessment, but even if MoneyBoat would've done that – the outcome would be the same – it would've thought that the loan was affordable for Mr P – given the income Mr P provided and what was checked by MoneyBoat.

It was reasonable for MoneyBoat to have relied on the information Mr P provided to it and the results of its own checks – which showed he had sufficient disposable income to afford the repayments – without the need to verify it any more than it did. This means I don't think MoneyBoat needed to have asked to review Mr P's bank statements – in my view doing so would've been disproportionate to the circumstances of the application. As such MoneyBoat didn't and couldn't have known about Mr P's gambling

There also wasn't anything to suggest that Mr P was having either current financial difficulties or to indicate the loan repayments would be unsustainable for him and so I do not uphold Mr P's complaint.

Mr P, in his response to the investigator has also reference CONC5.2A.22 and I agree that this was a requirement. But there wasn't anything in the results of the checks, in my view that suggested Mr P was already experiencing financial difficulties, was vulnerable or had mental capacity limitations.

I'm sorry to hear that repaying the loan was difficult and I know from what Mr P has told me that he has entered a DMP and this has – based on what Mr P has told us impacted his mental health. I do hope he has been able to receive the help and support that he needs. But, in the circumstances of what MoneyBoat needed to do I don't think it was wrong to have lent to him.

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 P 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.

Therefore, taking everything into account, I am not upholding Mr P's complaint. An outstanding balance remains due and I would remind MoneyBoat of its regulatory obligations to treat Mr P fairly and with forbearance.

### **My final decision**

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 25 July 2025.

Robert Walker  
**Ombudsman**