

## complaint

Mr O complains that Evergreen Finance London Limited (trading as MoneyBoat.co.uk) was irresponsible to lend to him as the repayments were unaffordable.

## background

Mr O had five instalment loans from MoneyBoat between August 2016 and March 2017:

Loan	Date	Amount	Term	Due	Instalment	Status
1	11 Aug 2016	£400	2m	19 Sep 2016	£231.87	On time
2	27 Sep 2016	£500	2m	18 Nov 2016	£315.91	Repaid 28 Oct 2016
3	28 Oct 2016	£800	5m	17 Mar 2017	£260.13	Repaid 9 Jan 2017
4	30 Jan 2017	£500	3m	20 Apr 2017	£227.29	Repaid 20 Mar 2017
5	21 Mar 2017	£250	4m	20 Jul 2017	£98.47	Repaid 21 Jun 2017

Mr O says the loans trapped him into a debt spiral as his monthly expenditure exceeded his income due to the interest charges. He says MoneyBoat should have realised his debt problems were worsening by his pattern of borrowing and by looking at his credit file.

MoneyBoat says it asked Mr O for information about his income and expenditure at the time of each application and checked his credit file. It said that for loans 1, 4 and 5, Mr O's credit file showed his expenditure was likely to be higher than he'd declared. In each case it used the higher figure to assess Mr O's application and, in the case of loan 5, it offered Mr O a much smaller loan than the £700 for which he'd applied. It added that it had also declined five subsequent loan applications between June and September 2017.

Our adjudicator did not recommend the complaint should be upheld. She was satisfied that the checks MoneyBoat did for the first four loans went far enough. But she considered MoneyBoat should have verified all the information Mr O provided before approving the fifth loan. However, she found that, even had it done so, it's likely MoneyBoat would have found the fifth loan was affordable.

Mr O responded to say that if MoneyBoat had done a thorough review of his credit file and bank statements it would have seen he had multiple defaults and a problem with gambling.

## my provisional decision

After considering all the evidence, I issued a provisional decision on this complaint to Mr O and to MoneyBoat on 2 July 2018. I summarise my findings:

- I was satisfied MoneyBoat did proportionate checks before approving loans 1 to 4 and would have found all four loans were affordable.
- I considered MoneyBoat's checks should have gone further for loan 5.
- I found that had MoneyBoat carried out proportionate checks for loan 5 it would have discovered Mr O was spending a considerable amount of money on gambling.
- Therefore, I was satisfied that had MoneyBoat carried out proportionate checks, it's unlikely to have approved loan 5.

Subject to any further representations by Mr O or MoneyBoat, my provisional decision was that MoneyBoat should refund all interest and charges on loan 5 (plus 8% statutory interest) and remove any associated negative information from Mr O's credit file.

Mr O responded to say that he had no further information to add.

MoneyBoat did not respond to my provisional decision.

### **my findings**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

As neither party provided any additional information, I see no reason to depart from my provisional decision.

### **my final decision**

My decision is that I uphold this complaint in part. Evergreen Finance London Limited (trading as MoneyBoat.co.uk) should:

- Refund all interest and charges that Mr O paid on loan 5;
- Pay interest of 8% simple a year on all refunds from payment date to settlement date\*;
- Remove any negative information about loan 5 from Mr O's credit file.

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 7 September 2018.

Amanda Williams  
**ombudsman**