

complaint

Mr H says Evergreen Finance London Limited, trading as MoneyBoat.co.uk (MoneyBoat), lent to him irresponsibly.

background

Mr H had five loans with MoneyBoat which are set out below.

Loan	Date Taken	Date Repaid	Instalments	Amount	Highest Repayment
1	18/11/2015	29/01/2016	3	£200.00	£86.56
Break in lending of 1 year 8 months					
2	16/10/2017	02/11/2017	6	£200.00	£56.37
3	15/12/2017	22/01/2018	6	£200.00	£56.40
4	23/02/2018	29/03/2018	6	£400.00	£127.73
5	14/05/2018	Outstanding	6	£300.00	£85.77

An adjudicator considered the complaint and didn't think it should be upheld. Mr H didn't agree with the adjudicator – he thought MoneyBoat should've carried out further checks on him as he was borrowing from other pay day lenders. He also says the lending was funding his gambling habit.

MoneyBoat made an offer in its final response letter to Mr H which he decided to accept whilst his complaint was awaiting a final decision by an ombudsman. However, MoneyBoat informed this service that the offer was no longer available to Mr H.

As there was no agreement between MoneyBoat and Mr H, the complaint was passed to me to decide.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. I've also considered the law, any relevant regulatory rules and good industry practice at the time the loans were offered.

Having carefully thought about all of this, I don't think MoneyBoat has treated Mr H unfairly or that it should pay him compensation. I know this will come as a disappointment to Mr H and I'd like to explain why I think this is the case.

Mr H 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 H 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.

In his complaint Mr H says that MoneyBoat didn't lend to him responsibly because he was using funds from other pay day lenders to clear his balance. He also says that the lending funded his gambling addiction. This all resulted in his debt spiralling. On the other hand MoneyBoat says that it carried out adequate checks – by gathering details of Mr H's disposable income and information from credit reference agencies. And based on this MoneyBoat says it didn't see anything to alert it to any sustainability or affordability issues for the loans it gave Mr H.

It's important to note that when Mr H took out his first loan with MoneyBoat it doesn't seem that he had an existing relationship with them. The first loan was repaid over 3 instalments and it seems Mr H repaid this loan without any issues. Loan 2 was taken out over a year and a half after the initial loan. So this would be considered a break in the lending chain which means Mr H's circumstances could have changed. When Mr H applied for loan 2 MoneyBoat carried out similar checks as it did for Loan 1. And I can't see anything to suggest that MoneyBoat had reason to question the information it had about Mr H. Loans 2, 3, 4 and 5 were due to be repaid over 6 instalments. As Mr H was required to make payments over a longer period, this helped manage the monthly cost of the loans. Looking at the dates it also appears Mr H had repaid a loan and had a gap of usually a month before another loan was given. And the amounts borrowed were consistently at a similar level. Mr H also repaid most of the loans early and only defaulted on the 5th and final loan.

Looking at the monthly repayments in light of Mr H's disposable income it's difficult for me to say that the scheduled payments were demonstrably unsustainable and that they then forced Mr H into taking further loans. Of course, a borrower taking out instalment loans, and then repaying them in this way can sometimes be an indication of an underlying problem. But I don't think there were adequate warning signs here for MoneyBoat and I've not seen enough evidence to persuade me that the lender acted irresponsibly.

my final decision

For the reasons explained above, I do not uphold this complaint against Evergreen Finance London Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 22 February 2020.

Chandni Green
ombudsman