

complaint

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

background

This complaint is about six short-term loans MoneyBoat provided to Mr F between March 2016 and November 2017. Mr F's borrowing history is as follows (I have rounded the figures):

Loan	Date Taken	Date Repaid	Instalments	Amount	Repayment
1	16/03/2016	28/04/2016	2	£200.00	£117.00
2	12/07/2016	28/09/2016	3	£200.00	£89.00
3	02/12/2016	28/03/2017	4	£300.00	£90.00
4	05/07/2017	25/08/2017	2	£300.00	£190.00
5	30/08/2017	28/11/2017	3	£300.00	£144.00
6	29/11/2017	08/02/2018	2	£400.00	£123.00

Our adjudicator partially upheld Mr F's complaint and thought loans five and six shouldn't have been given. MoneyBoat disagreed so the complaint was passed to me for 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. We've set out our general approach to complaints about short-term lending - including all of the relevant rules, guidance and good industry practice - on our website.

MoneyBoat needed to take reasonable steps to ensure that it didn't lend irresponsibly. In practice this means that it should have carried out proportionate checks to make sure Mr F could repay the loans in a sustainable manner. These checks could take into account a number of different things, such as how much was being lent, the repayment amounts and the consumer's income and expenditure. With this in mind, in the early stages of a lending relationship, I think less thorough checks might be reasonable and proportionate.

But certain factors might point to the fact that MoneyBoat should fairly and reasonably have done more to establish that any lending was sustainable for the consumer. These factors include:

- the *lower* a consumer's 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 *higher* the amount due to be repaid (reflecting that it could be more difficult to meet a higher repayment from a particular level of income);
- the *greater* the number and frequency of loans, and the longer the period of time during which a customer has been given loans (reflecting the risk that repeated refinancing may signal that the borrowing had become, or was becoming, unsustainable).

There may even come a point where the lending history and pattern of lending itself clearly demonstrates that the lending was unsustainable.

I think that it is important for me to start by saying that MoneyBoat was required to establish whether Mr F could sustainably repay his loans – not just whether the loan payments were affordable on a strict pounds and pence calculation.

Of course, the loan payments being affordable on this basis might be an indication a consumer could sustainably make their repayments. But it doesn't automatically follow this is the case. This is because the relevant regulations define sustainable as being without undue difficulties and in particular the customer should be able to make repayments on time, while meeting other reasonable commitments; as well as without having to borrow to meet the repayments. And it follows that a lender should realise, or it ought fairly and reasonably to realise, that a borrower won't be able to make their repayments sustainably if they're unlikely to be able to make their repayments without borrowing further.

Neither party has made any comments about loans one to four not being upheld. And because there doesn't appear to be an outstanding dispute about these loans, I won't be making a finding on these loans in this decision. But I have thought about these loans in the overall context of Mr F's lending relationship.

I've carefully considered all of the arguments, evidence and information provided in this context and what this all means for Mr F's complaint.

As our adjudicator explained, Mr F took loan five only five days after loan four had been paid off. Prior to that there had been much longer breaks – up to three months - between loans being taken so this speedy refinancing should have flagged up to MoneyBoat that Mr F was potentially having problems managing his money and consequently, sustainably making his repayments.

Loan six was only taken one day after loan five had been paid off which was a further indication Mr F was starting to struggle. And Mr F has subsequently told us he was addicted to gambling. Also, loan six was the largest loan taken and was double the amount of loan one which could question whether the repayments had become, or were becoming, unsustainable.

A more meaningful check for loans five and six would most likely have made clear that Mr F was borrowing from other short-term lenders. He was also using on line gambling sites on which he was betting often, and which totalled not insignificant amounts. Such financial behaviour should have caused MoneyBoat to question whether Mr F making loan repayments was sustainable and whether it should have continued to lend to him.

So I'm upholding the complaint about loans five and six and MoneyBoat should put things right.

putting things right – what MoneyBoat needs to do

- refund all interest and charges Mr F paid on loans five and six;
- pay interest of 8% simple a year on any refunded interest and charges from the date they were paid (if they were) to the date of settlement†;
- remove any negative information about loans five and six from Mr F's credit file;

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

my final decision

For the reasons given above, I'm partially upholding Mr F's complaint. Evergreen Finance London Limited should put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 1 March 2020.

Catherine Langley
ombudsman