

The complaint

Mr H complains that Evergreen Finance London Limited trading as MoneyBoat.co.uk irresponsibly lent to him

What happened

MoneyBoat lent Mr H two instalment loans. MoneyBoat lent Mr H the first loan on 2 May 2022, the loan was for £250 repayable in four instalments of around £97.92. Mr H repaid his first loan on 14 June 2022. On 15 June 2022, MoneyBoat lent Mr H a second loan, this loan was for £1,350 with six monthly repayments of around £382.29. Mr H repaid his second loan on 10 May 2023.

When he complained to MoneyBoat, it didn't uphold his complaint and so he referred his complaint to the Financial Ombudsman Service. One of our investigators looked at the complaint and didn't think MoneyBoat was wrong to lend any of the loans.

Mr H disagreed, he said the loans weren't affordable and MoneyBoat shouldn't have lent to him.

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 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 H could repay the loans when they fell due and without suffering financial detriment. In short, MoneyBoat needed to ensure Mr H could repay his loans sustainably. These checks could consider 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, it isn't unexpected that in the early stages of a lending relationship, less thorough checks might be reasonable and proportionate.

Before lending any of the loans, MoneyBoat asked Mr H about his monthly income and living costs, it also searched his credit file.

Mr H declared his monthly income as £1,780 for loan 1 and £1,650 for loan 2. Mr H declared his living costs including credit commitments as £515 for loan 1, MoneyBoat increased his monthly expenses by £285, this meant Mr H was left with around £980 of disposable income. For loan 2, Mr H declared his living costs as £450 and MoneyBoat again increased his expenses by £450 and this left Mr H with a disposable income of £800.

The credit search showed Mr H had a number of historic defaults, the most recent was in 2020, around two years before either one of these loans. I wouldn't have expected these to have prevented MoneyBoat from lending to Mr H as the length of time between the defaults and the lending decision is sufficient for MoneyBoat to reasonably believe Mr H's financial circumstances had changed.

I'm also mindful of the large disposable income from both loans and there were no other active credit accounts on Mr H's credit file. Taking all these together, I think MoneyBoat's checks went far enough, and those checks showed Mr H could afford to repay both loans. I can see Mr H repaid loan 1 early and took longer than the contractual term to repay loan 2. Looking at how Mr H managed loan 1, there was nothing of concern that should have made MoneyBoat think he'd struggle to repay loan 2. From the reasonable checks for loan 2, there was nothing apparent at the time that ought to have made MoneyBoat concerned about Mr H's ability to repay sustainably. I don't think MoneyBoat has acted unfairly, and I won't be asking it to do anything further.

My final decision

For the reasons given above, I do not uphold Mr H's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 7 March 2024.

Oyetola Oduola
Ombudsman