

## **The complaint**

Mr B complains Bamboo Limited irresponsibly lent to him.

Mr B is represented by a claims management company. But for ease of reference; I'll refer to all submissions if they were made by Mr B directly.

## **What happened**

Bamboo approved Mr B for a £4,000 loan, with a term of 24 months. The repayments were approximately £250 per month.

Mr B says the loan was lent irresponsibly and that Bamboo did not complete proportionate checks before approving the application. Mr B says had Bamboo done this it would've seen the loan was unaffordable to him. Mr B says he has lost out financially, as he has had to pay additional interest and charges.

Bamboo says it completed reasonable and proportionate checks for the loan. It says the loan was taken for debt consolidation. It says it completed a search on Mr B's credit file; completed an income and expenditure assessment and asked Mr B to provide payslips. Bamboo says these checks were proportionate to the amount being borrowed; and showed the loan was affordable to Mr B. Bamboo says its decision to lend was therefore fair.

Our investigator did not uphold Mr B's complaint. In coming to this view, he said:

- Bamboo had completed proportionate checks in this instance. This was because Bamboo had obtained information to verify Mr B's application; and this had enabled it to get a good understanding of Mr B's finances.
- The information Bamboo had gathered; and the assessment it had completed on Mr B had shown the loan was likely affordable. Our investigator also noted that the loan would consolidate all of Mr B's existing debt's; thereby leaving him with more disposable income to meet the loan repayment.

Mr B did not respond with any new information; but disagreed with the assessment our investigator had completed.

## **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 approach to complaints about irresponsible and unaffordable lending as well as the key rules, regulations and what we consider to be good industry practice on our website. I've used this approach to help me decide this complaint.

Bamboo is aware it needed to take reasonable steps to ensure it responsibly lent to Mr B. The relevant rules, regulations and guidance at the time Bamboo lent required it to carry out

reasonable and proportionate checks. These checks needed to assess Mr B's ability to afford the loan and repay it sustainably over its term without causing him financial difficulties.

There isn't a set list of checks a lender needs to carry out, but they should be proportionate, taking into account things like the type, amount, duration and total cost of the credit, as well as their circumstances.

And it isn't sufficient for Bamboo to just complete proportionate checks – it must also consider the information it obtained from these checks to make a fair lending decision. This includes not lending to someone in financial hardship; and ensuring repayments can be made sustainably without having to borrow further.

Having reviewed the information supplied; I'm satisfied that Bamboo completed proportionate checks in this instance. The checks it completed gave it a detailed enough understanding of Mr B's financial status. This included completing an income and expenditure assessment; and verifying this information via a credit search and asking Mr B to provide copies of his payslips.

The information it gathered demonstrated that Mr B's income was around £2,200; and the payslips verified this. Mr B's outgoings and existing debts were discussed in detail; and the credit file search verified the existing commitments Mr B was looking to consolidate. The credit file search showed that Mr B had existing debt commitments of around £2,200. This debt was made up of unsecured lending which had up until that point been maintained well. The calculation's Bamboo used allowed it to calculate Mr B's existing debt repayments were around £630 per month. The purpose of this loan was to consolidate down Mr B's existing debts; so, the fact the checks covered these in detail is persuasive in this instance.

Bamboo then calculated the remaining expenses Mr B had via his own declarations and using ONS data. These gave an appropriate figure; and highlighted all of Mr B's key expenses including things like rent. The information that Bamboo collected appeared to be in line with the declarations Mr B had provided; and the information did not show any further debts or negative markers that Mr B had not declared.

As Bamboo's checks covered all of Mr B's main outgoings (including the debts he was consolidating); and verified his income; I'm satisfied they were proportionate in this instance.

After completing proportionate checks Bamboo then needed to consider if the information it had collected demonstrated that lending to Mr B would be a fair decision (bearing in mind the criteria I set out above).

The information that Bamboo collected demonstrated that Mr B would be left with sufficient income to meet his necessary outgoings, whilst leaving him a suitable amount of disposable income to meet any unexpected outgoings. The fact this loan was being used to consolidate down Mr B's existing debts is persuasive. The calculation that Bamboo made meant that Mr B would be reducing his overall outgoings by around £380 month. The amount being lent also covered all of Mr B's existing credit commitments; meaning that he wouldn't be left paying other commitments at the same time as this one.

The rest of the affordability assessment demonstrated that Mr B's verified income would be enough to meet his necessary outgoings. And the credit file search demonstrated that Mr B had not had issues managing credit in the past.

So based on what I've been presented with; I'm satisfied Bamboo's decision to lend based on the information it had gathered at the time of the application, was reasonable. As such I can't say it acted unfairly in lending to Mr B.

**My final decision**

My final decision is that I do not uphold this complaint against Bamboo Loans Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 17 March 2022.

Tom Whittington  
**Ombudsman**