

The complaint

Mr Y complains about 3 loans provided to him by Bamboo Limited trading as “Bamboo”, which he says were unaffordable.

What happened

Mr Y was given 3 loans by Bamboo. The details of these are as follows:

Number	Date taken	Amount	Term	Repayment
1	02/08/2018	£3000	24 months	£185.19
2	06/12/2018	£3630	24 months	£208.60
3	30/09/2019	£4000	60 months	£176.05

When Mr Y took out loan 2, he used part of the capital amount to repay loan 1. Mr Y still has an amount to repay on loan 3.

I issued a provisional decision on this complaint in September 2021. Both parties have received a copy of that provisional decision, but for completeness I include an extract from the decision below. I said;

“Loan 1

Bamboo gathered some information from Mr Y before it agreed to loan 1 in August 2018. It asked him for details of his income and his normal housing costs. It then checked Mr Y’s credit file to determine how much he was paying to other lenders. It also verified his income using an online verification tool and it used Office of National Statistics (ONS) data to determine how much Mr Y would more likely spend on living expenses.

Mr Y was entering into a significant commitment with Bamboo. He was agreeing to make monthly repayments for a period of two years. So, I think it is right that Bamboo wanted to gather, and independently check, some detailed information about Mr Y’s financial circumstances before it agreed to lend to him. I think that the checks it did achieve that aim. I’m currently minded to think that its checks for loan 1 were proportionate.

But simply performing proportionate checks isn’t always enough. A lender also needs to react appropriately to the information those checks show. So, I’ve looked at the information Bamboo gathered from Mr Y to check whether I agree it was appropriate for him to be given this loan.

Mr Y says his level of income at this time was £4200. He has since disputed this and said it was lower. But this is how much he had declared during the application process for loan 1, and this was verified by Bamboo. It also recorded down a rent payment of £800, credit commitments of £432 and arrived at an estimated figure for living expenses of £615. It then calculated Mr Y’s disposable income as £2353 before it took into consideration the repayment from loan 1. I can see the credit search that it conducted at this time and there is nothing in it that ought to have caused Bamboo any concerns. When I look at the credit

search results and also Bamboo's assessment, I think on balance, it made a fair lending decision. The loan looked comfortably affordable for Mr Y.

Loans 2 and 3

Mr Y looked to refinance loan 1 around 4 months later, when he applied for loan 2. He would use part of the loan to repay loan 1 and then receive the rest. Bamboo again says it conducted the same checks. It recorded down his income, normal housing costs and asked Mr Y about his credit commitments. It also carried out a credit check.

Again, this was a significant commitment that Mr Y was entering into with Bamboo and this was his second loan with it. Mr Y was refinancing and was asking for more than he had asked for when he applied for loan 1. I would have at this stage expected Bamboo to conduct a complete review of Mr Y's finances to ascertain whether he would be able to sustainably make the repayments over the 24 months loan term. So, I think, as well as verify Mr Y's income, Bamboo should have also looked to verify his expenditure too. This is so it could assure itself of Mr Y's true financial position and that he could make the repayments in a sustainable way.

Mr Y then took out loan 3 around 9 months later. This was a new loan application as Mr Y had repaid loan 2 in June 2019. Mr Y was asking for more than the previous two loans and this time he was looking to repay his loan over 5 years. So again, I think Bamboo at this stage ought to have been looking to conduct a complete review of Mr Y's finances to verify his expenditure as well as his income. I say this in particular because the credit search results were showing it that Mr Y's unsecured debt was rising steadily and had done so incrementally from loan 1 to loan 2 and again it steadily increased when it carried out its checks for loan 3. So, I think it ought to at this stage, have wanted to assure itself that Mr Y could meet the repayments over the relatively long term of the loan in a sustainable way.

As I can't see that it did carry out the further checks that I have described above for loans 2 or 3, I need to consider what it would have seen if it had.

Mr Y has recently provided statements to our service. He has sent in his personal bank statements for the period August to December 2018 and June to August 2019. So, I have reviewed the first set of statements and considered these in relation to loan 2. And then gone on to do the same with the second set of statements from 2019 for loan 3.

I have reviewed the bank statements for 2018 and in doing so can see that, in general Mr Y kept his account in good order. He did use his overdraft on a regular basis but there was not a lot of impaired credit data on the statements. In addition, I couldn't find any other loans or credit payments that hadn't already been picked up and assessed by Bamboo during the application for loan 2. Mr Y's living expenses were also largely similar to Bamboo's estimation. There were however several gambling transactions on the statements and at one point during September in particular, Mr Y spent a significant sum on this. But I can see that this petered out and during November as the loan application date drew closer, Mr Y was not spending very much at all on gambling transactions. At least not enough that I think it would have caused Bamboo concerns about Mr Y's finances, if it had carried out further checks and seen this. So, on balance, after reviewing Mr Y's bank statements, I can't safely conclude that Bamboo would have found loan 2 unaffordable for Mr Y if it had carried out further checks.

I have also looked at the bank statements provided by Mr Y for 2019. Again, I can see that he maintained his account well with very little impaired credit data showing on any of the statements from this period. All of the unsecured loan data on the statements also all correlated to the credit search that Bamboo had carried out. And in general Mr Y's living

expenses were broadly in line with Bamboo's estimated figure too. Mr Y had spent very little on gambling transactions during this period as well. The statements do not show me anything other than Mr Y's account during this time being a fair reflection on what was showing on the credit search, and what he had declared to Bamboo.

So, as this was the case, on this occasion Bamboo's assessment carried out about loan 3 was fairly accurate and it showed Mr Y would have comfortably been able to afford the repayments. So, it follows that I don't think Bamboo irresponsibly agreed to this loan either.

In conclusion, I think the checks Bamboo carried out for loan 1 were proportionate and on balance it made a fair lending decision. For loans 2 and 3 I think it should have looked to carry out further checks but based on what I could review I think the loans was affordable for Mr Y anyway.

So, I currently don't think Bamboo was wrong to give any of the loans to Mr Y based on the circumstances of his complaint."

I asked both parties to let me have any comments, or additional evidence, in response to my provisional decision. Mr Y responded through his representatives and said he was happy with the assessment. Bamboo responded and said it had no further comments.

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.

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Both parties have not made any additional or new points. So, as neither party has anything further to add that I feel I need to comment on or that will change the outcome of this complaint, I don't see any reason to depart from my findings within my provisional decision. With that being the case, I do not uphold Mr Y's complaint.

My final decision

My final decision is that I do not uphold Mr Y's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr Y to accept or reject my decision before 14 November 2021.

Mark Richardson
Ombudsman