

## **The complaint**

Mr N complains about the way Bamboo Limited handled his account with it.

## **What happened**

Mr N was provided a loan by Bamboo in September 2018. Mr N began to fall into arrears with the loan almost immediately after taking it out. He entered into a debt management plan in October 2018 and began making reduced repayments at this point. This led to arrears developing on the account and resulted in Bamboo registering a default on this account dated August 2019.

Mr N is unhappy with the date the default has been applied. He says Bamboo should amend the date of the default to be earlier – he says in October 2018 – as the delay in registering the default will have a longer impact on his credit file and finances.

Our investigator agreed with Mr N, in that he agreed Bamboo should've applied the default sooner. Bamboo disagreed and maintained that it had acted fairly in applying the default when it did.

## **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.

Having done so, I'm satisfied this complaint should be upheld. This is broadly for the same reasons as our investigator highlighted. All parties agree the account should have defaulted; however Mr N believes Bamboo should've been more proactive in its corrective action.

Bamboo says it acted fairly in applying the default marker when it did. It says by that point in time Mr N's account was 180 days in arrears. Bamboo says it followed the relevant rules and guidance when coming to this decision. It says had it applied the default earlier it would've been unfair to Mr N and Bamboo wouldn't have followed the appropriate process.

I've considered Bamboo's argument, but I disagree with it in this instance. Whilst I understand the point it is making; I'm satisfied there is sufficient information on this complaint that demonstrates it should've started corrective action sooner.

All parties accept that Mr N entered into the debt management plan very shortly after taking out the loan. Bamboo states it was aware of the debt management plan in October 2018 (the loan had been taken out in September 2018). At this point Mr N began making reduced payments on the account. It was clear that this was not going to change or that this was a temporary situation in relation to Mr N's finances and it appears that later in the accounts term these repayments reduced further still. This means that Mr N's account was effectively in arrears from the point he entered into the debt management plan in October 2018 and he was never going to be in a position whereby he would meet the terms of his agreement with Bamboo.

Bamboo has referred to the relevant rules and guidance when defending its position. And whilst I acknowledge these points, it is also aware of the guidance set out by Information Commissioners Office (ICO). This talks about the same time frames that Bamboo has referred to, but also discusses the need to consider the time when the relationship between the two parties has broken down as a relevant factor in taking corrective action.

From reviewing the file I'm satisfied this breakdown in relationship occurred in October 2018. This is the point that Mr N entered into the debt management plan and began making reduced repayments. As set out above, this was a month after the loan was taken out. Bamboo says that there was insufficient information to suggest the reduced repayments being offered were an ongoing status for Mr N. But I disagree with it on that point. I'm satisfied that Mr N had entered into the debt management plan, and was already requesting reduced repayments on a loan which had in effect just begun, demonstrates the level of financial difficulties that he was in. And importantly that the relationship at this point had effectively broken down.

So I'm satisfied Bamboo should've acted sooner in taking corrective action then it eventually did in August 2019, and by not doing so, it acted unfairly.

### **Putting things right**

Having thought about everything, I think it would be fair and reasonable in all of the circumstances of Mr N's complaint for Bamboo Limited to put things right by recording any appropriate negative information on Mr N's credit file as if it had started the process of taking corrective action on the account from October 2018.

### **My final decision**

My final decision is that I uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N to accept or reject my decision before 15 December 2022.

Tom Whittington  
**Ombudsman**