

The complaint

Miss G is unhappy about the way Bamboo Limited has treated her while she's been experiencing financial difficulties.

What happened

In July 2018, Miss G took out a £4,000 loan with Bamboo. The loan was repayable at £226.90 over 36 months. But Miss G became unwell and had to take time off work. In January 2020 she told Bamboo she would struggle to make her repayments. She asked Bamboo to help by deferring her payments. In February 2020 she told Bamboo she was only receiving statutory sick pay and couldn't make her contractual repayments.

Bamboo in response said they'd passed her account to their specialist team. They'd arranged for any further payments from her card to be cancelled. And removed her contact details from her account to prevent any arrears calls. But told her she'd still receive letters, and her account would be terminated if she failed to pay after 180 days.

In March 2020 Miss G returned to work but her employment was impacted by the pandemic and she was placed on furlough, meaning she only received 80% of her salary. Miss G said she updated Bamboo in July 2020 explaining her situation. Bamboo asked for a payment before the end of the month which Miss G said she couldn't commit to. Bamboo said her account would be terminated and defaulted. Miss G complained to Bamboo as she didn't think they'd treated her fairly as they'd simply stopped communicating with her and hadn't offered any solutions to her situation. Miss G said she wanted the adverse information removed from her credit file and a repayment arrangement for the monies she owed put into place.

Bamboo said they'd tried to help Miss G but she hadn't responded to their calls. And the letters they'd sent had updated her about the status of her account. Miss G had said she could make a payment at the end of July 2020 but they told her the payment needed to be made no later than 30 July 2020, but Miss G didn't respond to this request. Bamboo said Miss G hadn't engaged with them.

Miss G wasn't happy with Bamboo's response as she said they knew she was vulnerable and it wasn't fair for them to expect her to handle the situation. She referred her complaint to us.

Our investigator said Bamboo had tried to help with forbearance and sensitivity. He said Bamboo hadn't taken any payments for five months and had signposted Miss G to debt counselling services.

Miss G didn't agree she said Bamboo hadn't provided assistance unlike her other lenders who had supported her through her financial difficulties. She asked for an ombudsman to decide.

I issued a provisional decision in April 2022 that said:

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 currently minded to uphold this complaint in part. I'll explain why.

I can understand this has been a very difficult time for Miss G and I thank her for her openness about her mental wellbeing. I can also understand the additional stress caused at the thought of a poor credit history affecting her career. Bamboo also feel strongly that they took steps to help Miss G as much as they could with the information they were given.

The rules and guidance relevant to this type of credit agreement are set out in the Financial Conduct Authority's (FCA) Consumer Credit handbook, CONC. For ease of reference, I've highlighted some of these below.

CONC 7.3.4R says "a firm must treat customers in default or in arrears difficulties with forbearance and due consideration.

CONC 7.3.5 goes on to say "Examples of treating a customer with forbearance would include:

- (1) considering suspending, reducing, waiving or cancelling any further interest or charges...*
- (2) allowing deferment of payment of arrears*
- (3) accepting token payments for a reasonable period of time in order to allow a customer to recover from an unexpected income shock..."*

CONC 7.3.6G says "where a customer is in default or in arrears difficulties, a firm should allow the customer reasonable time and opportunity to repay the debt.

CONC 7.3.14R says "a firm must not take disproportionate action against a customer in arrears or default.

CONC 3.3.1R says "communications from firms must be clear, fair and not misleading I've considered whether Bamboo on being made aware of Miss G's financial difficulties acted with forbearance and due consideration in their dealings with her.

In January 2020 Miss G told Bamboo that she was unable to work because of ill health, and I can see from Bamboo's records that a deferment for January's payment was done. I can also see they emailed Miss G and confirmed that her account had been referred to their specialist team, an acknowledgement that she'd said she was happy to discuss her account with them over the phone. And they signposted Miss G to debt counselling services. I can also see that Bamboo tried on a number of occasions from this point to speak to Miss G over the phone about her account, but she didn't respond.

People suffering from mental health issues often find it difficult to discuss their finances over the phone. So, I would expect a business with a specialist team to be able to discuss other options for communicating with a vulnerable consumer in these circumstances. And I can see, at first, that Miss G and Bamboo had been able to communicate by email.

In February 2020 Miss G provided by email medical evidence to show she was still unable to work and that her only income was statutory sick pay which meant she wouldn't be able to pay her contractual monthly repayment of £226.90. We'd expect a lender to listen to a borrower, get an understanding of their individual circumstances and discuss what help is appropriate. In response to Miss G's email I can see that Bamboo removed her contact number and email address to minimise arrears communication. They also cancelled any

further payments being taken from Miss G's payment card. And they told Miss G she would still receive letters about the status of her account.

After February 2020 I haven't seen any evidence that the specialist team tried to discuss Miss G's financial situation with her by phone or email. I haven't seen any evidence that Bamboo asked Miss G to provide them with an income and expenditure breakdown or to determine whether Miss G could make any form of token payment to the account. I think Bamboo could have offered more support here by trying to gain a better understanding of Miss G's situation and what she could sustainably afford to pay towards her agreement.

I understand Bamboo removed Ms G's contact details to prevent her getting the general arrears calls, but I would have expected the specialist team to continue to try to communicate with Miss G using these channels to look to ways that they could help and to determine Miss G's financial situation. It was an uncertain time for many people, including Miss G. The only communication I've seen was in March 2020 when an arrears letter was sent, in April 2020 when a default notice was sent and in May 2020 when Miss G was notified that her account was terminated.

I can see there were significant periods of time when Miss G wasn't engaging with Bamboo. And Miss G had the opportunity to respond to the letters she'd been sent but as I mentioned above it can be difficult for someone suffering with mental health to discuss their financial situation. And while Miss G was able to return to work in April 2020, she was almost immediately furloughed because of the pandemic which I'm persuaded had a detrimental impact on her health.

It's important to note that the FCA had formally released guidance in respect of financial difficulties arising as a result of Covid-19. This came into effect on 27 April 2020. The guidance was for "Exceptional and immediate support to customers facing payment difficulties due to circumstances arising out of coronavirus."

The guidance set out that eligible customers should be able to request a payment deferral for a period of three months. But the guidance also said, "Where a customer was in pre-existing financial difficulty, our existing forbearance rules and guidance in CONC would continue to apply."

Miss G said that other lenders were treating customers better at the time the pandemic started by offering payment holidays in line with guidance from the regulator. However, the guidance did state that this was for customers who were not in arrears at the time the pandemic started. And Bamboo had stopped taking any payments from her.

I acknowledge that Miss G thinks that the default should be removed from her credit file. The Information Commissioner's Office (ICO) says when a consumer is at least three months behind with their payments then a default may be registered. And it would expect a default to be registered by the time the consumer is six months behind with their payments. Miss G hadn't been able to make any payments towards her loan for over six months. I think at this point it was clear that Miss G couldn't meet her contractual payments. So, I think the default is an accurate, and necessary reflection of what happened with this account. So, I don't think I can fairly or reasonably ask Bamboo to remove the default from Miss G's credit file. I think Bamboo needed to register this with the credit reference agencies in order to meet their obligations as set by the ICO.

I realise Miss G mayn't agree, but I'm satisfied that Bamboo acted reasonably by registering a default for her loan. I also think they tried to offer support to Miss G by deferring payment, suspending payments for several months and by signposting Miss G to debt counselling services. But I do think Bamboo could have done more to communicate further with Miss G

during this difficult time to establish her financial situation and to discuss any other options and the impact non-payment could have. And I think this lack of communication has added to Miss G's distress.

Miss G has said she is looking to make a payment arrangement for the loan. And I would expect Bamboo and Miss G to work together to try to reach a mutual and sustainable agreement.

Responses to my provisional decision

Neither party has asked for any further comments or representations to be considered.

My final decision

For the reasons that I've given, I partially uphold this complaint, and direct Bamboo Limited to pay Miss G £100 for the distress and inconvenience caused by a lack of communication

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss G to accept or reject my decision before 20 June 2022.

Anne Scarr
Ombudsman