

The complaint

Mr A complains that Bamboo Limited was irresponsible to lend to him on two occasions.

What happened

Bamboo agreed two loans for Mr A. The first was for £5,000 agreed in February 2021. The total amount owed was £9,763.22 to be repaid over five years with monthly repayments of £162.72. The second was for £8,000 agreed in August 2022. The total amount owed came to £18,920.59 to be repaid over five years with repayments of £315.34.

Both loans were repaid early - the first was repaid by February 2022, and the second by March 2023.

Mr A complained to Bamboo in August 2024 that the loans were unaffordable for him and should not have been agreed. He said they facilitated a continued spiral of indebtedness and led to him taking out other credit to meet the minimum payments as well as meet essential living costs. Mr A said both loans were repaid using other loans. Mr A said that he was now entering into a debt management plan as a result.

Bamboo didn't uphold Mr A's complaint. It said that it made sufficient and proportionate checks before approving Mr A's applications, and found that each loan would be sustainably affordable for him.

Mr A referred his complaint to us. Our investigator looked into what happened. They found that Bamboo had completed reasonable and proportionate checks on each occasion, that there was nothing of concern in the information it had gathered and that it made fair lending decisions. They didn't recommend that Mr A's complaint be upheld.

Mr A didn't agree with this conclusion and asked for the complaint to come to an ombudsman for a review.

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.

I've also had regard to the regulator's rules and guidance on responsible lending (set out in its consumer credit handbook – CONC) which lenders, such as Bamboo, need to abide by. Bamboo will be aware of these, and our approach to this type of lending is set out on our website, so I won't refer to the regulations in detail here but will summarise them.

Before entering into a credit agreement, Bamboo needed to check that Mr A could afford to meet his repayments for the loan terms without having to borrow further, while meeting his existing commitments and without the repayments having a significant adverse impact on his financial situation. The checks needed to be proportionate to the nature of the credit (the amount borrowed, for example) and take into consideration Mr A's circumstances.

Ultimately, Bamboo needed to treat Mr A fairly and take full account of his interests when making its lending decision.

With this in mind, my main considerations are did Bamboo complete reasonable and proportionate checks when assessing Mr A's applications to satisfy itself that he would be able to make his repayments without experiencing adverse consequences? If not, what would reasonable and proportionate checks have shown? Was there anything of concern in the checks Bamboo did carry out and did it make fair lending decisions? Did Bamboo treat Mr A unfairly or unreasonably in any other way, including whether the relationship might have been unfair under s.140A of the Consumer Credit Act 1974?

Bamboo provided copies of the information it relied on including Mr A's bank statements covering the three months from 1/10/2020 to 31/12/2020, a credit reference agency (CRA) analysis of Mr A's bank account transactions dated 19/08/2022 (called an 'Open Banking' report), and copies of his credit file dated 26/01/2021 and 19/08/2022.

Loan 1 – February 2021

Mr A gave his income as £3,170 and Bamboo verified this against his bank statements. His credit file showed he held a joint mortgage, a hire purchase agreement, two loans and a credit card. The joint mortgage repayment was £1,100, the hire purchase payment was £453, and the loan repayments together came to £380. There was no recent adverse information shown on the credit report.

Bamboo said it used information from the Office of National Statistics (ONS) to consider Mr A's essential expenses. Its affordability assessment showed that Mr A would have around £1,000 left each month to meet these costs, after paying his mortgage and debts including its loan repayment of £163. It concluded the loan would be affordable for him.

I understand Bamboo spoke with Mr A to confirm the loan purpose and details.

Altogether, I think the checks Bamboo carried out on this occasion were reasonable and proportionate. It verified Mr A's income and estimated his expenses. The regulations state that lenders should make a reasonable estimate of an applicant's non-discretionary spending, and this can be based on statistical data.

I've thought about what Bamboo learnt from these checks, and whether its decision to lend was fair. I haven't seen anything in the information Bamboo gathered which suggests it should have declined to lend to Mr A or carried out further checks before doing so.

Mr A said his bank statements showed a high level of discretionary spending at the time and that he had a history of borrowing from short term lenders, including a recent loan of £200. Mr A said this showed he was in financial distress and that Bamboo should have seen this from his bank statements. Mr A also said that, as Bamboo had access to his bank statements, it should have seen that he was spending more than it had estimated using ONS data.

I've reviewed the bank statements Bamboo provided. While there were payments to short term lenders, it seems these loans were all repaid in October 2020, several months before this first Bamboo loan was taken out. The recent loan Mr A refers to was taken out a few days before, and it's unlikely Bamboo would have seen this from the information it had. As Mr A has said, his bank statements show a high level of discretionary spending, so it is difficult to conclude that he was reliant on expensive borrowing to pay for his essential living costs or to meet his existing credit commitments.

Aside from Mr A's mortgage and debt repayments, I can see that identifiable bills such as council tax, utilities or insurances for example, could amount to over £800 a month, leaving him with a relatively low amount to cover other essentials such as food and transport.

That said, the regulations allow for a lender to consider income received by another person as long as it is reasonable to expect such income to be available to the borrower to make repayments. Mr A's partner transferred significant amounts of money into the account, transferring over £700 a month on average in the four months prior to the loan. This money remained in the account and, given the frequency and level of the transfers, I think it's reasonable in this case to consider that this money was available to Mr A to meet the expenses that were paid from the account.

So, even if Bamboo had relied on Mr A's account transactions in the months leading up to the lending to estimate his expenses rather than using ONS data, it would likely have been reassured that he could meet the repayments without them having an adverse impact on his financial situation, and would have offered him the loan.

Altogether, I can't say that Bamboo made an unfair or irresponsible lending decision on this occasion. Even if it had looked into Mr A's circumstances further before lending to him, it would not have made a difference to its decision to lend.

Loan 2 – August 2022

Mr A gave his income as £3,600, which Bamboo verified using an Open Banking report.

Mr A's credit file showed he held a joint mortgage with repayments of £1,100, a loan with a balance of £1,096 and repayments of £406, and a credit card with a balance of £4,365. As before, there was no recent adverse information shown on the credit report.

Bamboo considered ONS information to estimate Mr A's essential expenses. It concluded that he would have over £1,500 left each month to meet these costs, after paying his mortgage and debts including its loan repayment of £315.

The CRA report Bamboo relied on analysed the transactions going in and out of Mr A's account. This showed that he was potentially repaying more debt than shown on his credit file, including monthly payments of £422 towards a community bank loan; £146 and £84 towards unsecured loans from high street banks and £109 on a retail finance agreement. Mr A was also still paying £365 a month on a hire purchase agreement.

I think Bamboo ought to have been concerned that agreeing a loan for Mr A with repayments of £315 could commit him to spending a significant amount of his income on repaying debt, and increase the risk that the loan would be unsustainable for him. It would have been reasonable and proportionate of Bamboo to check whether the repayments shown on the Open Banking report were ongoing before agreeing further credit for Mr A.

Bamboo said that the purpose of this loan was debt consolidation. Mr A had confirmed his intention to it in writing that he would use the loan to pay off his credit card and two smaller loans, one of which was a high interest loan. Mr A said this would save him around £300 per month. Bamboo said it was reasonable to assume, therefore, that the loan would improve Mr A's financial position. It also said that the loan remained affordable, even if some of the repayments shown on the Open Banking report were still ongoing.

If Mr A consolidated his debts as planned and reduced his unsecured debt repayments by £300, he would not have quite as much left over each month to meet his living costs as Bamboo had estimated. It seems to me that, aside from his mortgage and hire purchase,

Mr A might need to spend around £970 meeting the repayments on his bank loans and this new loan.

Mr A's bank statements show that identifiable bills such as council tax, utilities or insurances for example, could amount to around £700 a month. They also show, as before, that Mr A's partner transferred significant amounts of money into the account, transferring over £700 a month on average in the three months prior to this loan. A transfer in early August of £750 was referenced 'half the bills'. This money remained in the account and, given the frequency and level of the transfers, I think it's reasonable to consider that this money was available to Mr A to meet the expenses that were paid from the account.

So, even if Bamboo had looked into Mr A's existing debts in more detail before lending to him, it would likely have been reassured that he could meet the repayments without them having an adverse impact on his financial situation, and would have offered him the loan. Altogether, I can't say that Bamboo made an unfair or irresponsible lending decision on this occasion either.

I have thought about whether Bamboo treated Mr A unfairly in any other way. However, for the reasons I've already given, I don't think Bamboo lent irresponsibly to Mr A or otherwise treated him unfairly in relation to this matter. I haven't seen anything to suggest that Section 140A would, given the facts of this complaint, lead to a different outcome here.

My final decision

For the reasons I've explained above, I am not upholding Mr A's complaint against Bamboo Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 3 June 2025.

Michelle Boundy
Ombudsman