

The complaint

Miss D complains that Bamboo Limited irresponsibly lent her an unsecured loan.

What happened

Miss D took out a loan of £7,000 with Bamboo in January 2021. The loan was agreed over a term of two years with monthly payments of £392.51. The interest rate was a fixed annual rate of 30.31%. Miss D repaid the loan in full in June 2021.

In July 2024 Miss D made a complaint. She said that when she took out the loan she was struggling with a gambling addiction and was in financial difficulty. She thought Bamboo hadn't done enough to check the loan was affordable and it had made her financial position worse. She said she used the loan money to pay off another loan with a different lender but she also used it to continue gambling online.

Bamboo said it had relied on the information Miss D provided on the loan application and on its credit check, it didn't know about her gambling addiction, and it had no concerns about lending her the loan. It also said she had repaid the loan and it didn't think it had caused her any harm by lending to her.

Miss D referred her complaint to us. Our Investigator said that the complaint should be upheld and recommended that Bamboo refund all the interest and charges it had applied to the loan. Miss D didn't say whether or not she accepted that conclusion, but Bamboo did not accept it and asked for an Ombudsman's review.

The complaint was referred to me. I didn't think it should be upheld, so I issued a provisional decision explaining why I took that view.

My provisional decision

I said:

"We've explained how we handle complaints about unaffordable and irresponsible lending on our website, and I've used this approach to help me decide Miss D's complaint. Bamboo needed to make sure that it didn't lend irresponsibly. In practice, this means that it needed to carry out proportionate checks to be able to understand whether Miss D could afford to repay the loan in a sustainable way before providing it to her. These checks could take into account a number of different things, such as how much was being lent, the level of monthly payments and Miss D's income and expenditure and credit history. But there was no set list of checks Bamboo had to complete.

Bamboo has provided details of the information Miss D gave it when she applied for the loan, together with the checks it carried out when deciding whether to lend. On her loan application Miss D said she was employed full time and her net monthly income was £1,800. She said she was living with family, paying monthly rent of £275.

Bamboo phoned Miss D in January 2021 as part of the application process. It has provided a recording of the call. Miss D told it on the call that her net income was in fact £1,650 a month. Bamboo's records say that it assessed her application on the basis of that level of income rather than on the higher amount Miss D had initially told it about. It also asked Miss D for copies of recent bank statements in order to validate her income. It has provided copies of the statements it received and on which it relied in deciding to lend the loan.

The first statement covers the period 1 to 30 November 2020 and shows that Miss D received £1,507.32 from her employer that month. The second statement covers the period 1 to 31 December 2020 and shows that Miss D received £1,645.27 from her employer that month. These are the two most recent statements before Miss D made her loan application in January 2021. Bamboo based its affordability assessment on the net income figure Miss D gave it in the application call, which was within £5 of the confirmed figure on her most recent bank statement. I don't think this was unreasonable in the circumstances and, in any event, had Bamboo completed its assessment based on an average of Miss D's income for November and December 2020, I'm satisfied that income of that level would also have passed Bamboo's income assessment for this loan.

Bamboo's records also show that in considering Miss D's application it used information from credit reference agencies about her existing debt and how she had managed her finances in the past. That showed that Miss D was paying just under £500 a month to her existing creditors and, after taking account of payments to the proposed new loan of just under £400, along with Miss D's rent payments, she would have around £500 left for essential and other expenses each month.

Bamboo used statistical modelling to assess other likely expenditure for a borrower with similar circumstances to Miss D's, and concluded that about £500 each month for other expenditure was enough at the time of its assessment. It says there was no indication of financial difficulty from her credit file. The records it has provided of the credit check it carried out reflect that.

I also note that Miss D told Bamboo she planned to use the loan money to repay other, more expensive debts. Doing so would have reduced her monthly outgoings to other debts, and her bank account statements show that after receiving the loan she paid a total of just under £6,800 - almost all of the loan money - to another loan and two credit card accounts.

Having carefully considered all of this information, I consider that Bamboo carried out reasonable and proportionate checks in order to satisfy itself that Miss D could afford to repay the loan in a sustainable way. I also consider that its decision to lend was neither irresponsible nor unfair.

While Miss D's debt to credit limit ratio at the time of her application to Bamboo was only 56%, meaning that she had credit available to her on which she could have drawn, in the circumstances I don't consider that meant Bamboo shouldn't have agreed the loan. It took steps to verify Miss D's income and her expenditure on existing debts, how she had managed her finances, and assessed how much disposable income she would be left with for day to day expenses.

Miss D has said that she was furloughed a few months after taking out the loan and as a result was on a reduced income, but I don't think that Bamboo could reasonably have foreseen that when it assessed her application. I was sorry to read about Miss D's gambling addiction, but I don't think Bamboo could reasonably have known about that

either. I find nothing to indicate that Miss D told it about this, and the bank statements it received to support her application don't appear to include any gambling transactions. I haven't seen anything in the credit check Bamboo carried out which should reasonably have alerted it to the issue.

In all the circumstances, I don't think Bamboo acted unfairly and I don't therefore intend to require it to compensate Miss D or take any other action to settle this complaint.

Finally, I've thought about whether considering this complaint more broadly as being about an unfair relationship under section 140A of the Consumer Credit Act 1974 would lead to a different outcome. But even if it could (and should) reasonably be interpreted in that way I'm satisfied this wouldn't affect the outcome."

Responses to my provisional decision

I invited Miss D and Bamboo to let me have any further evidence or arguments they wanted me to consider before I made my final decision.

Bamboo didn't say whether or not it accepted my provisional decision, but it had nothing more to add. Miss D didn't accept my provisional decision. She said in summary that Bamboo had only checked the basics before giving her the loan, and it hadn't looked into her everyday spending - had it done so, it would have seen the impact of her gambling on her disposable income. She asked whether I had taken into account the statements she had sent us, and said that Bamboo had offered her £200 compensation and it wouldn't have done that if it thought it had done nothing wrong.

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 reached the same conclusion I did in my provisional decision, for the same reasons. In my provisional decision I set out the checks Bamboo did before lending to Miss D and why I considered those checks to have been reasonable and proportionate. There wasn't a list of specific checks that Bamboo was required to do, as a matter of either regulation or good practice, and it wasn't required to explore Miss D's day to day spending. Bamboo did in fact look at Miss D's spending - it obtained two months' worth of bank statements for the period leading up to its decision to grant the loan. It also looked at Miss D's credit file, which provided it with information about how she had managed money in the past. In the circumstances, I don't think it should necessarily have made more enquiries.

I considered the statements Miss D provided before making my provisional decision. I also noted what she had told us about her gambling and that Bamboo had offered her some compensation but it withdrew that offer. I found that Bamboo had looked at relevant bank statements, and I found nothing to indicate that it knew or should reasonably have known about Miss D's gambling. While I'm sorry to learn about Miss D's struggles with gambling, in all the circumstances I don't think Bamboo lent this loan irresponsibly and I can't fairly require it to compensate her.

My final decision

My final decision is that I don't uphold this complaint.

Janet Millington
Ombudsman