

## **The complaint**

Mr R complains that Bamboo Limited was irresponsible in its lending to him. He wants all interest removed from his loan.

## **What happened**

Mr R complained that Bamboo provided him with a top up loan even though he had missed payments on his original loan. He didn't think that proper checks were carried out before the loan was provided. Mr R also complained that when he made Bamboo Limited aware of his financial difficulty, it didn't assist him and insisted on charging him the full interest amount.

Bamboo issued a final response to Mr R's complaint dated 4 December 2024. It said that when Mr R applied for the loan, he settled his previous loan and borrowed an additional £1,048.78. This resulted in a total loan value of £3,826.31 which he opted to pay back over 60 months. Bamboo said that affordability and creditworthiness checks were carried out which didn't raise concerns that Mr R wouldn't be able to make his repayments. Therefore, it didn't uphold his complaint.

Bamboo noted that due to the level of arrears on Mr R's account, it was sold to a debt recovery company in June 2022.

Mr R referred his complaint to this service.

Our investigator thought that Bamboo carried out proportionate checks when Mr R applied for the loan and based on these, he didn't see any reason for Bamboo not to have lent to Mr R. As he didn't think it was wrong for Bamboo to lend to Mr R he didn't uphold this complaint.

Mr R didn't agree with our investigator's view. He said that part of his complaint hadn't been addressed noting when he lost his job and agreed a reduced payment plan, his account was still passed to a debt collector and Bamboo refused to remove the interest.

Our investigator responded to Mr R's comment. He explained that a lender does not have to remove the interest from a loan. He noted that Bamboo did set up a reduced payment plan for Mr R but said he was advised the account would continue to accrue arrears during the period where the full monthly repayment was not being met. Our investigator said that Mr R's complaint was about the loan being irresponsibly provided and his view addressed this. He said he was unable to say Bamboo should have done something differently in the way it processed the loan when Mr R started getting into difficulty making his repayments.

Our investigator reiterated that he didn't find the loan had been provided irresponsibly and so he didn't require the interest to be removed.

Mr R thought that Bamboo's behaviour was predatory and further damaged his financial situation. He said Bamboo didn't make it clear enough that he was agreeing to a fixed amount of interest, and that the full interest was due regardless of when the loan was repaid. He said that Bamboo was required to treat him with deference when he explained his

financial hardship and he didn't think that passing his account to a collector even though a payment plan was in place, and refusing to adjust the interest, was treating him with deference.

Because a resolution hasn't been agreed, this complaint has been passed to me, an ombudsman, to issue a decision.

### **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.

Our general approach to complaints about unaffordable or irresponsible lending – including the key rules, guidance and good industry practice – is set out on our website.

The rules don't set out any specific checks which must be completed to assess creditworthiness. But while it is down to the firm to decide what specific checks it wishes to carry out, these should be reasonable and proportionate to the type and amount of credit being provided, the length of the term, the frequency and amount of the repayments, and the total cost of the credit.

Mr R was provided with a loan for £3,826.31 in September 2021. The loan term was 60 months and Mr R was required to make monthly repayments of £168.41. As part of the application process, Bamboo gathered information about Mr R's employment and income and his residential status. He said he was employed full time with a net monthly income of £4,500. He was recorded as a house owner with a mortgage and his monthly mortgage payments were £893. Mr R gave Bamboo with access to his open banking data and this was used to validate his income, and his income was also discussed on a call before the loan was agreed. This resulted in Mr R's declared income figure being reduced to £4,094 for Bamboo's calculations. Bamboo carried out a credit check which didn't raise any concerns. This data, along with third party estimates for Mr R's living costs, was used to assess Mr R's expenses.

Noting the size of the loan and the repayment compared to Mr R's income, and given his credit check didn't raise concerns, I think the checks carried out before the loan was given were proportionate. However, just because I think the checks were proportionate, it doesn't necessarily mean I think the loan should have been provided. To assess that I have reviewed the information received through the checks, and the information available to Bamboo given Mr R's credit history with it, to see whether this should have raised concerns about the loan being provided.

Mr R has said that this top up loan was provided even though he had missed payments on his original loan. Bamboo has explained that Mr R had requested assistance with payments for his original loan following a change in his employment. A deferment was applied which meant no missed payments were recorded on his credit file. While I do not think this meant that further lending shouldn't have been provided, and I note Mr R's credit file showed his credit accounts to be up to date, I think it meant it was important to get a clear understanding of Mr R's financial circumstances at the time to ensure the new loan would be sustainably affordable for him.

Mr R's credit report showed he had existing credit commitments including loans, credit cards and a mortgage. His total non-mortgage balances were recorded as £35,678 with a large portion of this accounted for by a hire purchase agreement. While this is a reasonably high amount, I do not think that compared to his declared income this amount suggested he was overindebted and his credit report showed he was managing his commitments without

issues. Mr R was making minimum payments towards his revolving credit accounts, but his utilisation was around 32% which didn't suggest he was struggling to maintain his accounts. Mr R did have historic defaults but non recorded in the previous three years. Taking everything into account, I do not think Mr R's credit file raised issues that meant the loan shouldn't have been provided.

Given Mr R's previous comments to Bamboo about his reduced income, I think it right that his open banking data was assessed to validate his income and that this was discussed with him. Based on the checks, I think it reasonable that a net monthly income figure of £4,094 was used. Mr R's loan repayments were calculated as £745 and a total amount for his monthly debt servicing of £868 was included. Having looked through Mr R's open banking data and his credit file I find this reasonable. Mr R's monthly mortgage repayments were £893. Deducting these amounts along with the new Bamboo loan repayments would leave Mr R with over £2,000 of disposable income. Bamboo has said that estimated essential spending would be around £420. This would leave Mr R with sufficient income to cover any unforeseen events or additional costs. Therefore, I find it reasonable that the loan was considered affordable and based on the evidence I have seen I do not find I can say Bamboo was wrong to provide this.

Mr R has made a comment about not knowing that he was agreeing to a fixed amount of interest. However, having looked through the loan agreement this sets out the cost of the credit being provided and the resulting repayments and the approach taken if the loan is repaid early. I appreciate that Mr R doesn't think that he has been treated fairly since he has explained his financial difficulties and I am sorry to hear of the upset he has been caused. However, this complaint was about the loan provided being irresponsibly lent and that was what was addressed in the final response from Bamboo and has been considered in this decision. I understand that Mr R feels the interest should be removed from his loan, but I cannot say that Bamboo was required to do this and as I am not upholding this complaint, I do not require it to take this action. I note that Mr R's account has been transferred to a debt collection company, but Bamboo is allowed to do this and while this can be upsetting, I cannot say that Bamboo did anything wrong by taking this action.

I've also considered whether Bamboo acted unfairly or unreasonably in some other way given what Mr R has complained about, including whether its relationship with Mr R might have been unfair under Section 140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I don't think Bamboo lent irresponsibly to Mr R 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**

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 4 September 2025.

Jane Archer  
**Ombudsman**