

The complaint

Mr E, who is represented by a third party, says Bamboo Limited (“Bamboo”) irresponsibly lent to him.

What happened

his complaint is about three loans that were each taken out by way of fixed sum loan agreements. For the first loan, for consolidation, Bamboo lent £3,000 to Mr E in December 2019 with 12 monthly payments of £298.47. For the second loan, for home improvements, Bamboo lent him £1,027.08 in March 2020 with 24 monthly payments of £200.52. And for the third loan, again for consolidation, Bamboo lent him £2,423.83 in February 2021 with 30 monthly payments of £227.44. The second loan also paid off the first loan and third loan paid off the second loan.

Mr E says the loans weren’t affordable for him and that he was also in difficulty with other debt. So he says Bamboo’s checks ought to have shown it was irresponsible to have lent to him.

Our investigator initially upheld the complaint but then revised her finding after receiving some information and evidence from Bamboo. She thought the checks were proportionate and Bamboo had made a fair lending decision for each loan.

Because Mr E and those representing him disagree, his complaint has been passed to me for 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.

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 Mr E’s complaint.

I’d like to reassure Mr E that I’ve looked at the complaint afresh and independently reviewed all the available evidence and information, including what those representing Mr E have said in response to our investigator’s view. Having done so, however, I am not upholding Mr E’s complaint for broadly the same reasons as our investigator. I’ll explain why.

The rules don’t say exactly what a lender should look at before agreeing to lend, but reasonable and proportionate checks should be carried out. Lenders must work out if a borrower can sustainably afford the loan repayments alongside other reasonable expenses the borrower also has to pay. This should include more than just checking that the loan payments look to be affordable. A proportionate check might also require the lender to find out the borrower’s credit history and also take further steps to verify the borrower’s overall financial situation.

If reasonable and proportionate checks weren’t carried out, I need to consider if a loan would have been approved if the checks had been done. If proportionate checks were done

and a loan looks affordable, a lender still needs to think about whether there's any other reason why it would be irresponsible or unfair to lend. For example, if the lender should have realised that the loan was likely to lead to significant adverse consequences or more money problems for a borrower who is already struggling with debt that can't be repaid in a sustainable way. In other words, it wouldn't necessarily be enough for Bamboo to simply think about the likelihood of it getting its money back. Rather, it also had to consider the impact of the loan repayments on Mr E.

Bamboo has provided evidence to show that before lending on each of these three occasions it asked for some information from Mr E. It asked for his monthly income and expenditure, employment and residential status. At the time of the first and second loans he said his net monthly income was around £2,900. I've seen that he was also receiving at what looks to be monthly rental income of £750 the time of the first loan. These payments were continuing at the time of the third loan, averaging out at around £1,000 per month. By the time of the third loan his monthly net income had increased to around £4,200.

Throughout the period of the loans Mr E said he was paying monthly housing costs of between £1,000 and £1,500. And that was consistent with the affordability checks they carried out.

Bamboo checked that Mr E was receiving enough income by using an open banking check for the first and third loans and relying on a verification tool provided by credit reference agency for the second loan.

Bamboo also checked Mr E's credit record each time and didn't find any recent adverse marks on his credit file. He did have county court judgments – one from 2016 and another from 2017 – which had both been paid. He also had three defaulted accounts going back to 2014. One of these still had an outstanding amount of £100, which by the time of the third loan had been cleared. Generally, Mr E only used just over half of the credit that was still available to him and hadn't resorted high-cost short term borrowing.

Bamboo also carried out an affordability assessment, relying on credit reference agency details and statistical information. For the first loan it found that Mr E needed around £180 to cover credit he owed elsewhere. That went up to £375 for the second loan and then reduced to around £320 for the third one.

Based on what Mr E had said about his income and what was seen in the credit checks, after paying the loan instalment Mr E looked to have around £950 available at the time of the first two loans and around £2,600 at the time of the third loan. Using statistical information to work out his likely essential spending each month, Bamboo found that Mr E would be left with £360 by way of disposable income after paying each monthly instalment on the first loan, £370 after paying it on the second loan and £400 after paying it on the third loan.

Overall, I agree that the evidence and information Bamboo found didn't suggest that Mr E might be having difficulty meeting the monthly repayments for his existing credit. And I don't think it suggested that he was financially overstretched so that his situation was at risk of deteriorating. I think each set of checks was reasonable and proportionate given the size of each of the loans plus the cost of the monthly repayment relative to Mr E's income and level of existing debt. And I don't think there was anything in the checks that ought to have led Bamboo to make a different lending decision or requiring it to carry out further checks.

I've also thought about what Mr E and those representing him have said in response to our investigator's reject finding of the complaint. They don't change my own finding, but I think it might help to clarify certain points. First, I've noted that there appears to be an error in that Bamboo has overstated Mr E's income as being £4,577 when summarising his application

details - when it was in fact around £2,900. It's also been said that his overdraft use shows that Mr E was already in financial difficulty when he applied for the first loan. I've seen that Mr E was making regular use of his overdraft and that showed up on his credit file. That's not ideal and is something that the two consolidation loans might reasonably have been expected to help with. I've also kept in mind that Mr E was keeping within his agreed overdraft limit, so it didn't flag up as being a concern with Bamboo. Looking at what Bamboo saw about Mr E's specific circumstances, I don't think his overdraft use was enough for the loans to look to be unaffordable or that he'd have difficulty repaying them sustainably.

As a further point it's been suggested that Mr E was having to pay monthly rent of around £2,500 – a much higher figure than he stated on his application. I don't know the reason for this discrepancy. It may be explained by allowing for the regular rental payments that were being paid to him. But in any event, this wasn't something that Bamboo could be expected to know about unless Mr E disclosed it himself. As a final point, I've also noted that he was making regular transfers to himself from another account, suggesting that he had access to savings which he was able to use if necessary.

Having thought about all of this, the position remains that I've not seen enough to show or suggest that Bamboo's checks weren't reasonable and proportionate or to suggest it ought to have carried out a more in-depth investigation into Mr E's financial situation.

So I agree that from what I've seen the proposed monthly repayment for each of these loans was likely to have been affordable and so I don't think Bamboo acted unfairly in agreeing to lend to Mr E.

I've also thought about whether Bamboo ought to have done more to help or support Mr E once the finance for each loan had been agreed. From what I can see there were no significant payment issues with the first and second loan. But for the third loan, due to a change in the circumstances of Mr E's business, he had difficulties meeting payments around a year into paying the loan. Whilst I don't have all the customer notes to hand, I haven't seen anything to suggest that Bamboo ought to have done more to support Mr E. I understand it applied a number of payment deferrals by way of forbearance.

I've considered whether the relationship between Mr E and Bamboo 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 E or otherwise treated him unfairly. I haven't seen anything to suggest that Section 140A or anything else would, given the facts of this complaint, lead to a different outcome here.

My final decision

For the reasons I've given, I am not upholding Mr E's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E to accept or reject my decision before 19 September 2025.

Michael Goldberg
Ombudsman