

Complaint

Miss J has complained about a loan Bamboo Limited (“Bamboo”) provided to her. She says that the loan was unaffordable given her circumstances and the amount of debt that she already had at the time.

Background

Bamboo provided Miss J with a loan for £10,000.00 in August 2022. It had an APR of 29.7% and a 48-month term. This meant that the total amount to be repaid of £16,262.72, which included interest, fees and other charges of £6,262.72 was due to be repaid in 47 monthly repayments of £338.31 followed by a final repayment of £338.65.

One of our investigators reviewed what Miss J and Bamboo had told us. And he thought that Bamboo hadn’t acted unfairly or lent irresponsibly. So he didn’t uphold Miss J’s complaint.

Miss J disagreed and asked for an ombudsman to look at her complaint.

My findings

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 Miss J’s complaint.

Having carefully considered everything, I’m not upholding Miss J’s complaint. I’ll explain why in a little more detail.

Bamboo needed to take reasonable steps to ensure that it didn’t lend irresponsibly. In practice, what this means is that Bamboo needed to carry out proportionate checks to be able to understand whether Miss J could afford to make her repayments before providing this loan.

Our website sets out what we typically think about when deciding whether a lender’s checks were proportionate. Generally, we think it’s reasonable for a lender’s checks to be less thorough – in terms of how much information it gathers and what it does to verify it – in the early stages of a lending relationship.

But we might think it needed to do more if, for example, a borrower’s income was low or the amount lent was high. And the longer the lending relationship goes on, the greater the risk of it becoming unsustainable and the borrower experiencing financial difficulty. So we’d expect a lender to be able to show that it didn’t continue to provide loans to a customer irresponsibly.

Bamboo says it approved Miss J’s application after she provided details of her monthly income which it cross-checked against information from credit reference agencies on the amount of funds going into her main bank account each month. It says it also carried out a

credit search which showed Miss J's existing commitments were relatively well maintained at the time.

In Bamboo's view all of the information it gathered showed that Miss J could afford to make the repayments she was committing to. On the other hand, Miss J has said she already had significant debts and couldn't afford to take on any further borrowing.

I've carefully thought about what Miss J and Bamboo have said.

As Bamboo asked Miss J about her income and expenditure and also carried out a credit check, it's clear that Bamboo did obtain a reasonable amount of information before it decided to proceed with Miss J's application. Having looked at the credit check, it's clear Miss J had some existing debts. But there wasn't anything in the credit checks to indicate that Miss J had any significant adverse information – such as defaults or county court judgments ("CCJ") – recorded against her.

Furthermore, the information from the time shows that Miss J's selected loan purpose was consolidation of her existing debts. I note that Miss J has said that this in itself means that her loan shouldn't have been approved, but it isn't untypical for a loan to be provided for such a purpose. And more importantly it is permitted under the regulator's rule.

I don't know whether Miss J did go on to consolidate some of her other debts with the proceeds of this loan. In any event, Bamboo won't have known whether Miss J would actually pay off any existing balances – all it could do was take reasonable steps and rely on assurances from Miss J that this would be done. And I'm satisfied that the proceeds of this loan could and should have been used to clear a proportion of the existing debt that Miss J had and which she is now arguing meant that she shouldn't have been provided with this loan.

I accept that providing a loan for consolidation purposes won't in itself always mean that it was reasonable for a lender to lend. However, Bamboo wasn't advising Miss J to apply for a loan in such circumstances. It was simply assessing Miss J's application. As this was a first loan Bamboo was providing to Miss J, there wasn't a history of Miss J obtaining funds and then failing to consolidate debts elsewhere in the way she committed to either. So Bamboo was reasonably entitled to believe that Miss J would be left in a better position after being provided with this loan.

There is an argument to say that bearing in mind the amount of the monthly payment, at the absolute most, Bamboo ought to have found out more about Miss J's actual regular living expenses, rather than relying on statistical data. However, the information Miss J has provided doesn't show me that her actual monthly living expenses were significantly higher than any estimates that Bamboo relied on.

In these circumstances, I don't think that Bamboo finding out more about Miss J's regular living expenses would, in any event, have resulted in it determining that Miss J would be unable to make the monthly payment on this loan. In my view, Bamboo finding out about Miss J's actual living costs would simply reinforced the notion that if she did go on to repay some of her existing debts with the proceeds from this loan as her recorded loan purpose said she would, she would have been in a better financial position.

As this is the case, while I sympathise with Miss J's situation and I'm sorry to hear that she's found making her repayments difficult, I don't think that Bamboo did anything wrong when providing this loan to her. It is arguable that it carried out proportionate checks and reasonably relied on what it found out which suggested the repayments were affordable. But even if Bamboo had asked Miss J for more information about her regular living costs and

contractually committed expenditure here this wouldn't have made a difference to its decision to lend.

In reaching my conclusions, I've also considered whether the lending relationship between Bamboo and Miss J might have been unfair to Miss J under s140A of the Consumer Credit Act 1974 ("CCA").

However, for the reasons I've explained, I don't think Bamboo irresponsibly lent to Miss J or otherwise treated her unfairly in relation to this matter. And I haven't seen anything to suggest that s140A CCA or anything else would, given the facts of this complaint, lead to a different outcome here.

So overall and having considered everything, I'm satisfied that Bamboo didn't treat Miss J unfairly or unreasonably when lending to her. And I'm not upholding Miss J's complaint. I appreciate this is likely to be very disappointing for Miss J. But I hope she'll understand the reasons for my decision and that she'll at least feel her concerns have been listened to.

My final decision

For the reasons I've explained, I'm not upholding Miss J's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss J to accept or reject my decision before 1 December 2025.

Jeshen Narayanan
Ombudsman