

The complaint

Miss C complains that Bamboo Limited trading as Bamboo Loans was irresponsible in its lending to her. She wants all interest and charges paid on her first loan refunded and all interest and charges removed from her second loan and an affordable repayment plan set up for the remaining balance.

What happened

Miss C was provided with two loans by Bamboo Loans. The second loan repaid the first as

Loan	Date	Amount	Term	Monthly repayments
1	November 2023	£2,000	24 months	£123.46
2	September 2024	£2,579.93	24 months	£159.26

well as providing £1,200 of additional funds.

Miss C said that the loans shouldn't have been provided as they weren't affordable and that Bamboo Loans didn't carry out proper checks before lending. She said she had limited income and existing debts and was gambling at the time.

Bamboo Loans issued a final response to Miss C's complaint dated 6 January 2025. It said that it carried out affordability and creditworthiness checks before lending. It noted that Miss C's credit checks didn't raise concerns that she was struggling to manage her commitments or that she was over indebted. It said it verified Miss C's declared income using a credit reference agency tool and based on the information gathered the loans were affordable for Miss C.

Miss C referred her complaint to this service.

Our investigator didn't uphold this complaint. She thought the checks carried out before the two loans were provided were reasonable and proportionate and didn't raise concerns that the lending would be unaffordable for Miss C. She noted that Miss C was gambling at the time but didn't think that Bamboo Loans was reasonably aware this was an issue for Miss C noting that Miss C had declared she spent £50 a month on gambling in her application.

Miss C didn't agree with our investigator's view. She said her income and expenses figures weren't accurate and she didn't have the disposable income that Bamboo Loans had suggested. She said her bank statements weren't checked to confirm her income and outgoings.

Our investigator responded to Miss C's comments. She explained that while Miss C had referred to her bank statements, our investigator thought the checks carried out by Bamboo Loans before lending were reasonable and so it wasn't required to request Miss C's

statements. She noted that Miss C's credit file was positive and suggested she was managing her commitments well and said there wasn't anything else that meant that Bamboo Loans should have carried out further checks. Therefore, she confirmed that her view hadn't changed.

Miss C reiterated that she didn't think that proper checks were carried out before the lending was given and said she had taken out another loan around three months prior to the second Bamboo Loans loan and was at the limit of her overdraft and credit card. She said that just because she was maintaining her bills it didn't mean the lending was responsible. She said she was in a cycle of debt.

As a resolution hasn't been agreed, this case 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.

Miss C was provided with two loans by Bamboo Loans and I have considered each lending decision below.

Loan 1: November 2023

Miss C's first loan was for £2,000 and required 24 monthly repayments of around £123. Before the loan was provided, Bamboo Loans gathered information about Miss C's employment and income, residential and marital status. Miss C declared that she was employed part-time with a net monthly income of £1,241, was a tenant living with a partner and paying £350 towards her housing costs. Miss C's income was verified using a credit reference agency tool and third party data was used to estimate her essential expenses. A credit search was undertaken and the result used to assess Miss C's debt servicing costs. The credit search recorded no recent defaults, county court judgments or bankruptcies. Miss C was up to date on her active accounts and had an outstanding balance on a mail order account, which was within the account limit.

Noting the size of the loan and the monthly repayments, compared to Miss C's declared income, and as the credit check didn't raise any concerns, I think the checks carried out before the loan was provided were reasonable and proportionate.

However, just because I think the checks were proportionate it doesn't necessarily mean that the loan should have been given. To assess this I have considered the information received through the checks to see if this should have raised concerns.

Miss C's credit report didn't show signs that she was struggling financially, or that she was over indebted. I note Miss C's comment about her income not being as high as that recorded by Bamboo Loans and this being clear from her bank statements. But in this case, I do not

think that Bamboo Loans was required to request copies of Miss C's statements and I find that it was reasonable for it to rely on the information received through the application process which was supported by its validation check. Based on an income of £1,241 and deducting £350 for Miss C's contribution towards housing, £58 for her existing debt commitments and the Bamboo Loan repayments of around £123 would leave Miss C with around £709 a month for her essential living costs and other spending. Based on this I do not find I can say the information gathered suggested that the loan would be unaffordable for Miss C.

Therefore, I do not uphold this complaint in regard to loan 1.

Loan 2: September 2024

Miss C applied for a second loan with Bamboo Loans in September 2024. This loan was used to repay the outstanding balance on loan 1 and provided additional credit. The loan amount was £2,579.93 and Miss C was required to make 24 monthly repayments of around £159.

As this was Miss C's second loan, Bamboo Loans had data about Miss C's previous repayment history. I have looked through this and Miss C made her repayments on loan 1 without issue up to the point it was settled with loan 2. Therefore I do not find her account history raised any concerns.

Before the loan was provided, Bamboo Loans gathered information about Miss C's employment and income, residential and marital status. Miss C declared that she was employed part-time with a net monthly income of £1,500, was a tenant living with a partner and paying £350 towards her housing costs. Miss C's income was verified using a credit reference agency tool and third party data was used to estimate her essential expenses. The information Miss C provided was similar to that given before the first loan and I do not think this should have raised any concerns.

A credit search was undertaken and the results used to assess Miss C's debt servicing costs. The credit search recorded no recent defaults, county court judgments or bankruptcies. Miss C had no adverse credit data recorded and there was no evidence that she was struggling to manage her commitments.

Based on the size of the loan and repayments compared to Miss C's income, and given her previous repayment history I think the checks carried out before the loan was provided were reasonable and proportionate.

I have looked through the information received through the checks, this showed that Miss C was managing her existing credit commitments well. I note Miss C's comment about taking out another loan around three months prior to this loan and being at the limit of her overdraft and credit card. However, the credit check results received by Bamboo Loans, showed the only outstanding loan balance to be the original Bamboo Loans loan. I cannot say why the other loan wasn't recorded but based on the checks, I do not think that Bamboo Loans should have been concerned about Miss C's debt levels. Regarding Miss C's use of her credit cards, the credit report showed she had two credit card accounts both of which were being well managed, and her credit utilisation was around 57% which I don't think should have raised concerns.

The affordability checks based on the validated income, housing costs of £375 and debt servicing costs from the credit report, suggested that after the Bamboo Loan repayments, Miss C would have around £912 to pay for her essential living and other costs. I find this supports the loan being affordable.

I note Miss C's comment about her income amount, but as noted above, in this case I think the checks undertaken by Bamboo Loans before lending were reasonable and as these suggested the loan to be affordable, and didn't raise any other concerns, I do not find I can say it was wrong to provide loan 2.

Miss C has also said that she was gambling at the time. Bamboo Loans has said that Miss C declared that she spent £50 a month on gambling and I wouldn't have expected this amount to have raised concerns. Therefore, without evidence that Miss C told Bamboo Loans about a higher amount of gambling, I do not find that it should have been reasonably aware of this and so I cannot say that it was required to take further action because of this.

So, for the reasons set out above, I do not uphold this complaint.

I've also considered whether Bamboo Loans acted unfairly or unreasonably in some other way given what Miss C has complained about, including whether its relationship with Miss C 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 Loans lent irresponsibly to Miss C or otherwise treated her 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 Miss C to accept or reject my decision before 1 October 2025.

Jane Archer
Ombudsman