

The complaint

Miss G says Bamboo Limited irresponsibly lent to her.

What happened

Miss G took out a loan for £5,000 over 48 months in July 2022. The monthly repayments were £169.40 and the total repayable was £8,131.36.

She complains that Bamboo didn't carry out proper affordability checks before approving the loan. It relied on general estimates and automated tools, instead of looking properly at her actual income, living expenses, and financial commitments. She took out this loan hoping it would help her catch up with bills and other commitments, but it only made things worse.

Bamboo says it carried out adequate checks that showed the loan would be affordable for Miss G. In addition, Miss G was presented with the figures it used and had the opportunity to confirm if her income and monthly expenses were accurate before proceeding.

Our investigator did not uphold Miss G's complaint. He found that Bamboo's checks were proportionate and that it made a fair lending decision.

Miss G disagreed and asked for an ombudsman's review. She said, in summary, Bamboo should have used actuals for its income and expenditure assessment. As there were red flags such as arrears on her credit file a fuller review using her bank statements was needed.

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 set out our general approach to complaints about unaffordable/irresponsible lending - including all of the relevant rules, guidance and good industry practice - on our website. Having carefully thought about everything, I think that there are two overarching questions that I need to answer in order to fairly and reasonably decide Miss G's complaint. These two questions are:

1. Did Bamboo complete reasonable and proportionate checks to satisfy itself that Miss G would be able to repay the loan without experiencing significant adverse consequences?

- If so, did it make a fair lending decision?
- If not, would those checks have shown that Miss G would've been able to do so?

2. Did Bamboo act unfairly or unreasonably in some other way?

The rules and regulations in place required Bamboo to carry out a reasonable and proportionate assessment of Miss G's ability to make the repayments under this agreement.

This assessment is sometimes referred to as an affordability assessment or affordability check.

The checks had to be borrower focused – so Bamboo had to think about whether repaying the loan would cause significant adverse consequences for Miss G. In practice this meant that the business had to ensure that making the payments to the loan wouldn't cause Miss G undue difficulty or significant adverse consequences. In other words, it wasn't enough for Bamboo to simply think about the likelihood of it getting its money back, it had to consider the impact of the loan repayments on Miss G. Checks also had to be proportionate to the specific circumstances of the loan application.

In general, what constitutes a proportionate affordability check will be dependent upon a number of factors including – but not limited to – the particular circumstances of the consumer (e.g. their financial history, current situation and outlook, and any indications of vulnerability or financial difficulty) and the amount/type/cost of credit they are seeking. Even for the same customer, a proportionate check could look different for different applications.

In light of this, I think that a reasonable and proportionate check ought generally to have been more thorough:

- the lower a consumer's income (reflecting that it could be more difficult to make any loan repayments to a given loan amount from a lower level of income);
- the higher the amount due to be repaid (reflecting that it could be more difficult to meet a higher repayment from a particular level of income);
- the greater the number and frequency of loans, and the longer the period of time during which a customer has been given loans (reflecting the risk that repeated refinancing may signal that the borrowing had become, or was becoming, unsustainable).

I've carefully considered all of the arguments, evidence and information provided in this context and what this all means for Miss G's complaint.

Bamboo has provided evidence to show that before lending it asked for some information from Miss G. It asked for her monthly income, her employment status and her residential status. It completed an income verification check with a third-party and used national statistics to make an assumption about her living costs. It carried out a credit check to understand her credit history and her existing credit commitments. It asked about the purpose of the loan which was home improvements. Based on the results of these checks Bamboo thought it was fair to lend.

I think these checks were proportionate given the value and term of the loan and the cost of the monthly repayment relative to Miss G's income. And I don't think there was anything in the checks that ought to have led Bamboo to make a different lending decision. I'll explain why.

Miss G declared a net monthly income of £1,745 that Bamboo was able to verify with an 8 out of 9 confidence level. She declared housing costs of £375 and from its credit check Bamboo calculated Miss G had existing credit commitments of £492.62 a month. So after taking on this loan Miss G would have £707 to cover her essential living costs. Based on both national statistics and the costs Miss G declared, this left her with ample disposable income to be able to afford the loan.

It could see from the credit check that Miss G had £21,721 of debt that was largely well-managed. The majority of that debt was on car finance which she had repaid on time each

month since June 2019. On average she was using 85% of her revolving credit limits. She had opened no new credit accounts in the last six months and had no active payday loans. She had an overdraft facility but was not using any of it. She had taken out no cash on credit in the last 36 months and made only one minimum payment in the last 36 months.

Miss G had no defaults or CCJs registered against her. There was one delinquent account. It was a utility account with a small outstanding balance, which would be repaid in full soon in the following months. There was also another utility account in an arrangement-to-pay. However that account had previously had a query on it and been in dispute. I think it was reasonable in the round for Bamboo to conclude that these accounts were anomalies and the status of the one with the larger balance was driven by an account dispute, rather than an indication that Miss G was having financial difficulties.

I can see Miss G feels strongly that Bamboo needed to carry out a much fuller financial review and ask for bank statements. But in the circumstances of her application and given the results of the initial checks, I do not think that would have been proportionate in this case.

It follows I don't think Bamboo was wrong to lend to Miss G.

I've also considered whether the relationship 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 Miss G 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

I am not upholding Miss G's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss G to accept or reject my decision before 12 January 2026.

Rebecca Connelley
Ombudsman