

The complaint

Miss T complains that Bamboo Limited was irresponsible in its lending to her. She wants all interest and charges refunded and for any negative entries on her credit file to be removed.

What happened

Miss T was issued with a £2,000 loan by Bamboo Loans in May 2023. The loan term was 12 months, and Miss T was required to make monthly repayments of £219.53.

Miss T explained that at the time of her loan application she had just moved into rented accommodation for the first time which significantly increased her outgoings. She said she was juggling other debts, and the Bamboo Loans loan repayments were a substantial portion of her income. Miss T didn't think that adequate checks were carried out before the loan was provided and said that Bamboo Loans wrongly assumed she was living with parents and had no rent. She said the loan was unaffordable and she needed to enter a debt management plan which damaged her credit file and has affected her mental health.

Bamboo Loans issued a final response dated 3 July 2025. It said that credit worthiness and affordability checks were undertaken. It said that Miss T's credit history didn't raise concerns and that the loan repayments appeared affordable. It believed it had made a fair lending decision.

Miss T referred her complaint to this service.

Our investigator thought the checks carried out before the loan was provided were proportionate. He noted Miss T's comment about her housing costs but thought it reasonable that Bamboo Loans relied on the information Miss T provided in regard to this. Based on the outcome of the checks, our investigator thought that Bamboo Loans had made a fair lending decision.

Miss T didn't accept our investigator's view. She reiterated that she had recently moved out of her family home and was paying rent as well as paying towards other household bills. She said that this hadn't been included in the verification process. She noted that her existing credit commitments weren't in arrears but said she was juggling repayments and was in a cycle of debt. She said she applied for the loan because she was struggling and that adequate checks should have been undertaken to protect her from taking on further unsustainable debt.

Our investigator issued a second view responding to Miss T's comments. In regard to the housing costs, he reiterated that Bamboo Loans relied on the information available to it at the time of the loan application which included verifying Miss T's address. As the credit file matched her declared address, there was no reason for Bamboo Loans to question if Miss T had left the address. He noted Miss T's income had been verified and he didn't think that copies of her bank statements needed to be requested, or further checks undertaken. Our investigator noted that Miss T's credit file showed her accounts to be up to date. Based on this second review, our investigator still didn't uphold Miss T's complaint.

Miss T didn't agree with our investigator's outcome and requested an ombudsman 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 T was provided with a £2,000 loan which required monthly repayments of around £220. As part of the loan application process, Miss T was asked about her employment, income and residential status and a credit check was undertaken. Miss T declared she was employed full time with a monthly income of £1,882 and that she was living with parents. The application data recorded Miss T as having lived at the address for between 25 and 30 months. So, while I note Miss T's comment that she had recently moved out of her parents, this wasn't the information she gave to Bamboo Loans and as her credit report confirmed the address Miss T declared, I find no reason why Bamboo Loans would have challenged this further.

Bamboo Loans verified Miss T's income using a credit reference agency tool and used her credit file results to assess her payments towards existing creditors and third-party data to estimate expenses. The credit check showed that Miss T had debts totalling £5,584 and that she was up to date with her existing credit commitments. Miss T had no recent defaults or delinquent accounts, and her worst account status was recorded as '1' in the previous 12 months. Miss T had no county court judgements. Based on the evidence I have seen, I do not think the credit checks raised any major concerns.

Noting the size of the loan and the repayments compared to Miss T's verified income and as her credit check didn't suggest she was struggling to manage her commitments, I think the checks carried out before the loan was provided were proportionate. However, just because I think reasonable checks were undertaken, it doesn't necessarily mean that I think the loan should have been given. To assess that I have considered the outcome of Bamboo Loans' checks to see if these raised concerns that meant further information should have been gathered or the loan not provided.

Miss T's declared income was verified and I think it reasonable that this figure was relied on. However, I also note that having looked at the bank statements Miss T has provided they support a similar income figure to that used in the assessment. Miss T's credit report showed that she had existing credit commitments including £4,279 of loans and £1,305 of revolving credit. I do not think that Miss T's total debt compared to her income suggested she was over indebted such that further credit shouldn't have been considered. The repayments due on Miss T's loans totalled around £506 a month and she also needed to make payments towards her revolving credit. Bamboo Loans included debt servicing costs of £598 in its calculations which I find reasonable based on the results of Miss T's credit checks.

Adding the Bamboo Loans loan repayment to Miss T's existing credit repayments would increase her total monthly credit costs to around £818. While this is a significant portion of Miss T's monthly income, I do not find this alone meant the loan shouldn't have been given

but it did mean that Bamboo Loans needed to be satisfied that the loan would be sustainably affordable for her.

I have considered whether, based on Miss T's income and costs this loan should have been considered affordable over its term. I note Miss T's comment about her costs changing due to her moving out and incurring rent and other costs, but I cannot say that Bamboo Loans should have been aware that this was happening. Based on the information Miss T declared, she was living with parents, and I find it reasonable this was reflected in the affordability calculation. Deducting Miss T's credit commitments (including the Bamboo Loans loan repayments) from her verified income left around £1,064 for her other living costs. I find this a reasonable amount and I do not think this suggested the loan wouldn't be affordable for Miss T.

So, while I understand that Miss T's circumstances changed and she subsequently struggled with her loan repayments, based on the information available at the time Miss T applied for the loan, I do not find I can say that Bamboo Loans acted irresponsibly or made an unfair lending decision.

I've also considered whether Bamboo Loans acted unfairly or unreasonably in some other way given what Miss T has complained about, including whether its relationship with Miss T 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 T 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 T to accept or reject my decision before 13 January 2026.

Jane Archer
Ombudsman