

The complaint

Mr H complains that Bamboo Limited trading as Bamboo Loans lent irresponsibly when it approved his loan application.

What happened

The background to this complaint and my initial conclusions were set out in a provisional decision. I said:

In October 2025 Mr H applied for a loan with Bamboo Loans for £5,500 plus £5,239.54 in interest over a 60 month term with monthly repayments of £178.99. In his application, Mr H gave a monthly income of £4,767 and said he was a homeowner making mortgage payments of £500. Bamboo Loans carried out a credit search. No adverse credit, defaults or recent missed payments were noted. Mr H's joint mortgage with monthly repayments of £967 was noted. And unsecured debts totalling £25,799 were found. The credit file showed Mr H had opened various new loans and credit commitments during the previous six months and had two overdraft facilities as well as credit cards.

Bamboo Loans verified Mr H's income level using a service provided by the credit reference agencies. Bamboo Loans also carried out an affordability assessment using Mr H's income, mortgage payments of £500, unsecured debt payments of £979 and an estimate of his general living expenses of £886 a month. Bamboo Loans says that left Mr H with around £2,365 a month as a disposable income. Bamboo Loans approved Mr H's application and issued the loan funds.

Mr H quickly complained that Bamboo Loans lent irresponsibly and it issued a final response on 21 October 2025, three weeks after the loan was approved. Bamboo Loans said it had carried out the relevant lending checks before approving Mr H's application and didn't agree it lent irresponsibly to Mr H. Bamboo Loans also confirmed it had extended the Right to Withdraw period for the loan until 31 October 2025 if Mr H wanted to repay the funds borrowed. The loan funds weren't returned.

An investigator at this service looked at Mr H's complaint. They thought Bamboo Loans had completed reasonable and proportionate checks before approving Mr H's application and weren't persuaded it lent irresponsibly. Mr H asked to appeal and explained that after his loan was approved his outgoings were higher than his income. As Mr H asked to appeal his complaint has been passed to me to make a decision.

What I've provisionally 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.

Before agreeing to lend, the rules say Bamboo Loans had to complete reasonable and proportionate checks to ensure Mr H could afford to repay the debt in a sustainable way. These affordability checks needed to be focused on the borrower's circumstances. The

nature of what's considered reasonable and proportionate will vary depending on various factors like:

- The amount of credit;
- The total sum repayable and the size of regular repayments;
- The duration of the agreement;
- The costs of the credit; and
- The consumer's individual circumstances.

That means there's no set list of checks a lender must complete. But lenders are required to consider the above points when deciding what's reasonable and proportionate. Lenders may choose to verify a borrower's income or obtain a more detailed picture of their circumstances by reviewing bank statements for example. More information about how we consider irresponsible lending complaints can be found on our website.

I've set out the information that Bamboo Loans obtained when considering Mr H's application above. I can see that our investigator felt Bamboo Loans carried out reasonable and proportionate checks and that the new loan was affordable for Mr H. And, on paper, I can see the loan repayments appeared affordable. Bamboo Loans' affordability checks reached the view Mr H had a disposable income of around £2,365 a month. And whilst I agree that the use of £500 a month for Mr H's joint mortgage and the general living estimate used in the affordability assessment appear reasonable, I think his credit file information paints a different picture.

I note that in the six months before Mr H's Bamboo Loans application he opened several new credit commitments including:

| Type | Opened | Original Amount | Outstanding | Repayments |
|------------------------|------------|-----------------|-------------|------------|
| Unsecured loan | 01/08/2025 | £6,464 | £6,464 | £269 |
| Advance Against Income | 01/07/2025 | £1,708 | £0 | Unknown |
| Unsecured Loan | 19/06/2025 | £1,858 | £1,755 | £51 |
| Unsecured Loan | 15/05/2025 | £1,091 | £1,067 | £37 |
| Unsecured Loan | 27/05/2025 | £1,800 | £1,732 | £60 |
| Deferred Payment | 24/04/2025 | £35 | £0 | £17 |
| Deferred Payment | 22/05/2025 | £37 | £0 | £37 |
| Deferred Payment | 17/06/2025 | £36 | £0 | £18 |
| Deferred Payment | 17/07/2025 | £200 | £0 | £200 |
| Deferred Payment | 12/07/2025 | £166 | £0 | £166 |
| Unsecured loan | 17/07/2025 | £2,465 | £2,363 | £102 |
| Unsecured loan | 25/04/2025 | £2,421 | £2,118 | £100 |

The above shows a mix of lower value deferred payment (BNPL) credit, higher value unsecured loans in addition to a payday loan. In my view, the way Mr H was borrowing in the six months before his Bamboo Loans application is at odds with the conclusion he had a disposable income of £2,365 a month. I think the information on Mr H's credit file indicates he was already borrowing at an unsustainable rate and should've caused Bamboo Loans to consider a more comprehensive lending assessment before approving his application. There were various options available to Bamboo Loans, including looking at Mr H's bank statements to get a clearer picture of his circumstances at the time. I recently requested bank statements for the months before Mr H's application was made.

Mr H's bank statements verify what the credit file information showed in that he was borrowing substantially in the months before his Bamboo Loans application was made. I found that in July 2025 Mr H took out a new loan for £15,000 and in August 2025 he opened two new loans totalling £3,000. I can see some of the loan funds were used to clear other debts but that Mr H also used the money for general living expenses which isn't sustainable. I also think it's reasonable to note Mr H was using BNPL credit throughout this period and that his current account was consistently overdrawn receiving daily charges of between £2 and £4. Mr H was essentially using credit to make ends meet.

Mr H's bank statements show that his average monthly income in the preceding three months was £4,237. Mr H's regular outgoings for items like his existing debts, supermarket spending, overdraft charges, communications, insurances and regular transfers to his wife came to an average of £5,075 a month. As noted above, while I can see Mr H used some of the new loan funds to repay existing debts, he also used them to cover day to day living expenses. In my view, Mr H's bank statements show he was already over capacity in terms of his regular outgoings and unlikely to be able to support further borrowing or a new loan of £5,500 plus £5,239.54 in interest with monthly repayments of £178.99. I think it's more likely than not that more detailed lending checks from Bamboo Loans would've led it to decline Mr H's application. As a result, I intend to uphold Mr H's complaint and direct Bamboo Loans to refund all interest, fees and charges applied to the loan.

I've considered whether the business acted unfairly or unreasonably in any other way including whether the relationship might have been unfair under Section 140A of the Consumer Credit Act 1974. However, I'm satisfied the redress I have directed below results in fair compensation for Mr H in the circumstances of his complaint. I'm satisfied, based on what I've seen, that no additional award would be appropriate in this case.

I invited both parties to respond with any additional comments or information they wanted me to consider before I made my final decision. Mr H responded to confirm he accepted the decision. Bamboo Loans responded to query some of the figures used in my provisional decision but didn't confirm whether it accepted or not.

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.

As no new information has been provided and Mr H has confirmed he's willing to accept, I see no reason to change the conclusions I reached in the provisional decision. I still think Mr H's complaint should be upheld, for the same reasons.

My final decision

My decision is that I uphold Mr H's complaint and direct Bamboo Limited trading as Bamboo Loans to settle as follows:

- Add up the total amount of money Mr H received as a result of having been given the loan. The repayments Mr H made should be deducted from this amount.
- If this results in Mr H having paid more than they received, any overpayments should be refunded along with 8% simple interest (calculated from the date the overpayments were made until the date of settlement). †
- If any capital balance remains outstanding, then Bamboo Loans should to arrange an affordable and suitable payment plan with Mr H.

If Bamboo Loans has sold the debt to a third party, it should arrange to either buy back the debt from the third party or liaise with them to ensure the redress set out above is carried out promptly.

† HM Revenue & Customs requires Bamboo Loans to take off tax from this interest. Bamboo Loans must give Mr H a certificate showing how much tax it's taken off if they ask for one.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 25 February 2026.

Marco Manente
Ombudsman