

Complaint

Mr M has complained about a loan Bamboo Limited (trading as “Bamboo”) provided to him. He says that the loan was not affordable.

Background

Bamboo provided Mr M with a loan for £2,000.00 in April 2021. The total amount to be repaid of £3,483.68, which included interest, fees and charges of £1,483.68, was due to be repaid in 24 monthly instalments of around £145.

One of our investigators reviewed what Mr M and Bamboo had told us. And she ultimately reached the conclusion that that Bamboo hadn’t done anything wrong or treated Mr M unfairly. So she didn’t recommend that Mr M’s complaint be upheld. Mr M disagreed and asked for an ombudsman to look at his 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 Mr M’s complaint.

Bamboo needed to make sure that it didn’t lend irresponsibly. In practice, what this means is Bamboo needed to carry out proportionate checks to be able to understand whether Mr M could afford to repay before providing this loan.

Having carefully considered everything, I’ve decided not to uphold Mr M’s complaint. I’ll explain why in a bit more detail.

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 lend to a customer irresponsibly.

Bamboo provided Mr M with a loan for £2,000.00 in April 2021. This loan was due to be repaid in 24 instalments of around £145. Bamboo says it agreed to Mr M’s application after he provided details of his monthly income and some information on his expenditure.

It says it cross-checked this against information on a credit search it carried out and transactions from Mr M’s bank account which it received as a result of him providing it with

open banking access. And all of this information showed Mr M could afford to make the repayments. On the other hand, Mr M has said the loan was unaffordable.

I've carefully thought about what Mr M and Bamboo have said. The first thing for me to say is that Bamboo has provided a record of the results of its credit searches. Bamboo's searches appear to show that Mr M did have previous difficulties in the form of defaults as well as a county court judgment ("CCJ") recorded against him.

However, I have to consider that Bamboo did carry out an income and expenditure assessment which determined that the payments were affordable for Mr M. Indeed, having looked at the amount of funds in the bank account Mr M provided details of, not only did the transactions not contradict the disposable income amount arrived at for Mr M but the surplus funds suggested that making the repayments to this loan wouldn't be a problem – particularly in light of the amount of the monthly payment required.

I accept that what Mr M provided may not have reflected his actual financial position and I know he's said that Mr M was midway through a debt management plan. But the key here is that it's only fair and reasonable for me to uphold a complaint in circumstances where a lender did something wrong. I can't see that Bamboo was aware of any of this. More importantly, given the funds in the account Mr M provided access to suggesting that the loan payments were affordable, I'm satisfied that Bamboo was reasonably entitled to rely on this and lend to Mr M.

As this is the case, I don't think that Bamboo did anything wrong when deciding to lend to Mr M - it carried out proportionate checks and reasonably relied on what it found out which suggested the repayments were affordable. So I'm not upholding Mr M's complaint. I appreciate this will be very disappointing for Mr M. But I hope he'll understand the reasons for my decision and that he'll at least feel his concerns have been listened to.

I note that Bamboo made a £350 gesture of goodwill offer to Mr M in its final response. As I'm not upholding this complaint, I leave it to Mr M to decide whether he wishes to contact Bamboo about this offer in the event it is still prepared to pay it.

My final decision

For the reasons I've explained, I'm not upholding Mr M's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 28 February 2024.

Jeshen Narayanan
Ombudsman