

The complaint

Mr A complains that Bamboo Limited have unfairly terminated his agreement.

What happened

Mr A says that he received a letter from Bamboo confirming the termination of his agreement. Due to his personal circumstances he fell into arrears on his account, and he entered into a payment plan with Bamboo. Mr A says that he kept up with the repayments, but due to his direct debit being cancelled, he had problems adding his card details to his account. This meant when his payments were due he had to use an alternative way to pay, but as the payments were received late by Bamboo, the payment plan was cancelled.

Mr A says in March 2024 he managed to add his card details to the account, and he made a repayment. He then contacted Bamboo to set up another payment plan, and the next payment of £260 was scheduled for 20 April 2024. Mr A says this payment failed, and due to his personal circumstances he was away from home. Mr A says he contacted Bamboo after this, but they told him there was nothing they could do, they had tried to contact him several times, and the agreement had been terminated. Mr A made a complaint to Bamboo.

Bamboo did not uphold Mr A's complaint. They said Mr A's account had been in arrears consistently since May 2023, accumulating well over 180 days in arrears. They said that two arrangements had been set up for him by their servicing team, but as Mr A failed to make the arrangement payments on time, the account followed the termination process, and the Notice of Termination was issued to him on 27 April 2024. Bamboo said that from the notes on Mr A's account, their servicing team had attempted to contact him on multiple occasions, but he didn't answer their calls. Mr A brought his complaint to our service.

Our investigator did not uphold Mr A's complaint. He said Bamboo gave Mr A an indication the account was close to the period where a default may be applied, especially on a call he had with them on 2 April 2024. He said Bamboo had tried to contact Mr A, and although Mr A was away from home at the time, Bamboo couldn't have reasonably known this. Our investigator said that as Bamboo hadn't received Mr A's payment by 20 April 2024, then Bamboo terminated the agreement. Mr A asked for an ombudsman to review his complaint.

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.

I've considered what the Information Commissioner's Office (ICO) says about what should or shouldn't be reported to the Credit Reference Agencies (CRA's). The ICO is the body created which deals with an individual's data, and it has released a document called "*Principles for the Reporting of Arrears, Arrangements and Defaults at Credit Reference Agencies*" (PRAAD). It is entirely reasonable to rely on this, because when determining a complaint, amongst other things, I am required to take into account good industry practice and in my view, these principles constitute good industry practice in this area.

PRAAD states that *“If an arrangement is agreed.... a default would not normally be registered unless the terms of that arrangement are broken.”* But Mr A broke the terms of the arrangement by not making his payment on 20 April 2024. Mr A had previously been sent a notice of default dated 23 September 2023. PRAAD says *“The lender must have notified you of their intention to register a default against you at least 28 days before doing so, in order to give you time to make an acceptable payment or reach an agreement with them on an arrangement.”* So I’m satisfied that they fulfilled their regulatory duty here.

I can also see from Bamboo’s system notes that they attempted to ring Mr A six times between 20-26 April 2024. The notes show they also left voicemails for Mr A. So even though there was an issue with the payment, and Bamboo were entitled to register a default when the payment arrangement was broken, it does appear that Mr A had another six days prior to his account being terminated where he could have made a payment like he had on previous occasions when there had been an issue.

And while I have a great level of sympathy for Mr A based on the reasons he’s told us why he didn’t respond to Bamboo before his agreement was terminated on 27 April 2024, as his account had been in arrears for over 180 days, I can’t fairly say they made an error here, as they would be unaware of Mr A’s personal circumstances.

Mr A was also informed in a communication Bamboo sent him on 2 April 2024 under the section titled *“What if you fail to keep to the payment plan?”* that *“If any arrears become outstanding for more than 180 days, we may also issue you with a Termination Notice and we may also transfer your account to a debt collection agency. A default would also be registered on your credit file at this time.”*

On a call I listened to which Mr A had with Bamboo on 2 April 2024, the call handler informed Mr A he was 165 days in arrears, and the account would be terminated at 180 days if there was no arrangement in place, and the account would be defaulted. So as the payment didn’t go through on 20 April 2024, there ceased to be an arrangement in place, and the account would have been over 180 days in arrears at that point. So I can’t fairly say that Bamboo made an error in terminating the account and registering a default, or that Mr A wasn’t made aware of what could happen.

But given what Mr A has said about his circumstances at the time, he may wish to consider registering a *“notice of correction”* with the CRA’s to explain what happened here. This is a short explanatory note that he can add to an entry on his credit file, to explain the background to that entry. So anyone who searches his credit report, such as a lender, would see the notice of correction and take the notice into account if they viewed his credit file.

Prospective lenders will each consider a notice like this differently and it isn’t a guarantee that they will put the underlying payment information to one side. But given how strongly Mr A feels here - it is an option that is open to him. He would need to contact the CRA’s to do this. But as Bamboo have made no error in reporting the default to the CRA’s as they are obliged to report factual information to the CRA’s, it follows I don’t require Bamboo to do anything further.

My final decision

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr A to accept or reject my decision before 25 December 2024.

Gregory Sloanes
Ombudsman