

## **Complaint**

Mr R has complained about a loan Bamboo Limited (trading as “Bamboo”) provided to him.

He says that the loan was not affordable to him and so it was irresponsible for it to have been provided to him.

## **Background**

Bamboo provided Mr R with a loan for £5,000.00 in September 2019. The total amount to be repaid of £8,765.18, which included interest, fees and charges of £3,765.28, was due to be repaid in 36 monthly instalments of around £245.

One of our investigators reviewed what Mr R and Bamboo had told us. And she thought that Bamboo hadn’t done anything wrong or treated Mr R unfairly. So she didn’t recommend that Mr R’s complaint be upheld.

Mr R 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 R’s complaint.

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

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 R could afford to repay before providing this loan. The fact that there was a borrower didn’t change or alter this.

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 R with a loan for £5,000.00 in September 2019. This loan was due to be repaid in 36 instalments of around £240. Bamboo says it agreed to Mr R’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 information on how much Mr R received into his bank account each month. And all of this information showed Mr R could comfortably make the repayments he was committing to. On the other hand, Mr R has said the loan was unaffordable.

I've carefully thought about what Mr R 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 R didn't have any difficulties with credit. Mr R's debt total at the time of the application was also reasonable in comparison to his declared income. Indeed the majority of his debt was made up of a hire-purchase agreement. Mr R did have some cash-withdrawals on his credit card, but I don't think that this was particularly unusual given the credit was available.

Furthermore, Mr R representative is somehow suggesting that Mr R should get the benefit of his actual income and rent as opposed to his declared income and rent. But I don't think that verification was necessary here. Particularly as Mr R was in a stable financial position at the time of the application and his bank account appear to have been receiving the money concerned. I note that Mr R is suggesting the loan was taken for the purpose of paying a wedding deposit at a time that he appears to have been to have stopped working as he is self-employed.

I accept that Mr R may have gone on to experience difficulty making the payments. I've also seen that Mr R's representative says that this position ended up deteriorating after this loan was provided too. But given obtaining bank statements wasn't the only way further checks into Mr R's circumstances could have been carried out, I'm not persuaded that further checks would necessarily have highlighted the reason why Mr R says he might not have been able to make the repayments on this loan.

Equally, despite having given a period of time to provide this, Mr R hasn't provided the copies of his bank statement either, so it is not as if I can take. I accept that Mr R's actual circumstances may not have been fully reflected either in the information he provided, or the information Bamboo obtained. 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.

Given the circumstances here, and the lack of obvious inconsistencies compared to the credit searches and the money going into Mr R's account, I'm satisfied that Bamboo was reasonably entitled to lend to Mr R.

As this is the case, I don't think that Bamboo did anything wrong when deciding to lend to Mr R - 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 R's complaint. I appreciate this will be very disappointing for Mr R. But I hope he'll understand the reasons for my decision and that he'll at least feel his concerns have been listened to.

### **My final decision**

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 18 December 2023.

Jeshen Narayanan

**Ombudsman**