

The complaint

Miss V complains that Zopa Bank Limited trading as Zopa didn't make her aware of the implications of taking out a reduced payment plan. She would like the money she paid to pay off her arrears refunded and to pay this off across the term of the loan. And compensation for the distress and inconvenience.

What happened

The details of this complaint are well known to both parties so I won't repeat them again here instead I will focus on giving the reasons for my 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.

Having done so I have reached the following conclusions:-

- I think Zopa were helpful in offering Miss V a three-month reduced payment plan from January to March 2022 when her financial circumstances unexpectedly changed. From the online chat I have seen I think Zopa did make Miss V aware that failing to make payments would put her account in arrears which might affect her credit file.
- Zopa admitted in its final response letter that the direct debit for the contractual payments wasn't reinstated at the end of the three-month reduced payment plan as it should have been. Instead, Zopa took a fourth payment as per the reduced plan. Zopa has since told us it couldn't collect the contractual payments as the direct debit had been cancelled. But if it was Miss V's responsibility to change her direct debit I can't see Zopa made that clear to her.
- Zopa also admitted in its final response letter that it sent Miss V an email on 8 June 2022 confirming her reduced payment plan had ended. It apologised that she received this late since her reduced plan should have ended at the end of March. Had this email been sent in March I think Miss V would have known what she needed to do with regards to her loan and arrears prior to the reduced plan ending and prior to getting a default notice.
- I think the £100 compensation that our investigator recommended is reasonable. I think Zopa's communication wasn't as clear as it should have been and mistakes were made in taking a further reduced payment and sending an email confirming her reduced plan had ended months after it had. I don't doubt this caused Miss V both distress and inconvenience.
- I don't think I can reasonably ask Zopa to refund the arrears Miss V paid and allow her to pay these off over the term of the loan as she originally requested. It was made clear to her that arrears would accrue. And as I understand it Miss V was able to pay off the arrears in full. But if Miss V is struggling financially as a result of paying off the arrears I suggest she speaks to Zopa to see how she manages her account

going forward.

My final decision

My final decision is that I uphold this complaint.

In full and final settlement Zopa Bank Limited trading as Zopa should pay Miss V £100 compensation for distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss V to accept or reject my decision before 27 February 2023.

Bridget Makins
Ombudsman