

## **The complaint**

Mr P complains that Zopa Limited ("Zopa") irresponsibly granted him a credit card he couldn't afford to repay.

## **What happened**

In April 2021 Mr P entered into an agreement with Zopa to have access to credit by way of a credit card account. He was given a credit limit of £500. There were no credit limit increases.

Mr P says that Zopa didn't complete adequate affordability checks when it opened his account. He says he was already struggling financially at the time because he was gambling and borrowing money from elsewhere.

Zopa didn't agree. It said that it carried out a reasonable and proportionate assessment to check Mr P's financial circumstances before granting him the credit card account.

Our adjudicator didn't recommend the complaint be upheld. She said that Zopa carried out proportionate checks when granting Mr P the opening credit.

As Mr P didn't agree the complaint has been passed to me for a final 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.

Zopa will be familiar with all the rules, regulations and good industry practice we consider when looking at a complaint concerning unaffordable and irresponsible lending. So, I don't consider it necessary to set all of this out in this decision. Information about our approach to these complaints is set out on our website.

Before opening the account, I think Zopa gathered a reasonable amount of evidence and information from Mr P about his ability to repay. I say this because it completed credit and affordability checks which showed no significant adverse information. Zopa also relied on Mr P's declared income of £37,500 and an allowance of £325 for housing costs. It then verified this information using credit reference agency data. However, just because I think it carried out proportionate checks, it doesn't automatically mean it made a fair lending decision. So, I've thought about what the evidence and information showed.

I've reviewed the information and evidence Zopa gathered. Having done so I'm satisfied that the checks that were completed showed that the agreement was likely to be affordable to Mr P. I say this because the checks showed that Mr P was paying several loans, totalling around £2,800 and also a number of credit cards, totalling around £1,400. From what I've seen, this borrowing appeared to have been managed well with no evidence of Mr P having got into recent financial difficulties by way of adverse markers on his credit file or county court judgments.

Mr P says he was making use of payday loans and gambling heavily at the time. I can see that Mr P he took out three loans – two of them short term - in the months leading up to taking out the card. I've also seen from the bank statements Mr P sent us that he was making use of gambling sites. But that wouldn't have been apparent to Zopa at the time as something affecting Mr P's overall financial situation. I therefore don't consider that it was unreasonable for Zopa to grant the relatively modest opening credit limit that it did.

It follows that, whilst I'm sorry to disappoint Mr P on this occasion, I don't think Zopa acted unfairly.

### **My final decision**

For the reasons set out above, I'm not upholding Mr P's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 24 February 2023.

Michael Goldberg

**Ombudsman**