

The complaint

Ms D complains about the management and administration by Zopa Bank Limited trading as Zopa of her hire purchase agreement ("agreement").

What happened

In June 2021 Ms D acquired a used car costing £12,671.00 under an agreement with Zopa.

Under the terms of the agreement, everything else being equal, Ms D undertook to pay a deposit of £299.00 followed by 60 monthly payments of £270.27.

- On 30 July 2021 Zopa was able to collect, by way of direct debit, the first payment due under the agreement of £270.27.
- After the first payment had been collected, no further payments were collected by way of direct debit. Instead Ms D made manual payments based on what she understood she was required to pay and based on what Zopa informed her she was required to pay.
- Ms D made the above payments at different times each month, sometimes before the monthly contractual due date, some on the monthly contractual due date and some after the monthly contractual due date.
- Depending on what date Ms D made the payments that she did, Zopa treated them as meeting the monthly contractual payment, as a lump sum payment, or as clearing arrears.
- Ms D asked for a change in her payment due date. This was actioned by Zopa but not immediately.
- Depending on when Ms D made the payments that she did, and how these were treated by Zopa, Ms D was sent a number of notices by Zopa chasing for payment and explaining that non-payment could have a detrimental affect on her credit rating.
- On 8 August 2022 Ms D complained to our service about Zopa's management and administration of her agreement.

Ms D's complaint was considered by one of our investigators who came to the view that Zopa should pay her £100 for its management and administration of her agreement and for its poor communication in respect of the same in both writing and over the phone.

Ms D accepted the investigator's view but Zopa didn't. And because Zopa didn't accept the investigator's view Ms D's complaint has been passed to me for review and 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.

I think Ms D now understands how her account is managed and administered by Zopa and that in particular payments made manually on or before a monthly contractual due date will be treated (everything else being equal) as a lump sum payment and not as an early payment of the next monthly contractual payment. And as a result of this treatment any payment made manually on or before the monthly agreement date will not prevent the next monthly contractual payment falling due and being payable on Zopa's systems.

Now it's not for me to interfere with how a business operates. But I don't think most consumers would understand that payments made manually and early would be treated in the manner that Zopa treats them. Furthermore, there is nothing in the agreement terms and conditions explaining that this is how Zopa treats such payments.

I also think that informing a customer that they are in arrears after a monthly contractual payment has fallen due, but when the customer has made that contractual payment a day or two early, could be said to be both misleading and unfair. And in the particular circumstances of this case I'm satisfied that Ms D has been caused both distress and inconvenience in receiving the notices that she did in this respect.

Given what I say above and given Zopa's failure to move Ms D's payment date in a timely manner, I find that Zopa should pay Ms D £100 as recommended by the investigator. And for the avoidance of doubt I would add that in finding Zopa should pay Ms D £100 I've taken into account (amongst other things) that Zopa did explain on more than one occasion to Ms D that she should make a manual payment only after her contractual monthly payment date had passed (to avoid the problems she had been experiencing) and on occasions she didn't do so.

My final decision

My final decision is that Zopa Bank Limited trading as Zopa must pay Ms D £100.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms D to accept or reject my decision before 13 February 2023.

Peter Cook
Ombudsman