

## **The complaint**

Mrs L complains that Zopa Bank Limited irresponsibly allowed her to open a credit card account which was unaffordable.

## **What happened**

Mrs L says she opened the Zopa credit card account in 2022 and says it was unaffordable. She says Zopa has agreed the account was unaffordable but will not write the debt off. Mrs L says she would like her credit file amended and the amount she owes Zopa written off.

Zopa accepts it shouldn't have opened the account. It says it has cancelled future interest and charges. It also says it will refund interest and charges previously charged and will remove any data about the account from Mrs L's credit file. Zopa says it will agree a repayment plan with Mrs L and has offered £25 for the inconvenience she was caused. It says the outstanding balance is £889.81.

Mrs L brought her complaint to us and our investigator thought Zopa had made a fair and reasonable offer to settle the complaint. The investigator didn't think it fair that the debt be written off as Mrs L had the benefit of the money.

Mrs L doesn't accept that view and would like the debt completely written off.

## **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 come to the overall view that Zopa has made a fair and reasonable offer to settle this complaint. There is no need for me to set out the rules we apply about complaints of unaffordable lending as Zopa accepts that it ought not to have allowed Mrs L to open an account.

Our approach in such cases is to make sure the customer is put back in the position they would have been in were it not for the unaffordable lending. I can see that Zopa has agreed to refund all charges and interest Mrs L incurred which I am satisfied is the correct and fair approach. I can also see that Zopa has fairly agreed to remove all information about the account from Mrs L's credit file. I'm satisfied that goes further than what we normally would have ordered and so I think Zopa has acted fairly about that part of the complaint.

I appreciate Mrs L would like the account balance of about £889 written off. But I'm satisfied that Mrs L had the benefit of the money and that it would be unfair for it to be written off. I'm satisfied that Zopa has fairly agreed to speak to Mrs L about a repayment plan and that is what we would have ordered Zopa carry out if it hadn't agreed to do so. That plan should be affordable and interest free but will require Mrs L to speak to Zopa to arrange.

In these sorts of complaints that are upheld our normal approach is for any refund due to a customer to be deducted from the account balance owed. I can see that Zopa has fairly

agreed to refund Mrs L directly the charges and interest. So, I will leave it to Mrs L to decide what approach she takes and no doubt she will consider that using the refund to reduce the amount owed, may assist her.

Overall, I'm satisfied that Zopa has acted fairly and also fairly agreed to pay Mrs L £25 for any inconvenience she was caused. I find such an award fair and reasonable in the circumstances and don't think the impact of what took place justifies further compensation. I can see this account was opened for a very short time period and Zopa reviewed its decision shortly after Mrs L made her complaint. I don't require Zopa to pay interest on its refund for that reason and don't think our usual approach applies here, as the account was opened for less than six months and that any such award would be minimal.

### **Putting things right**

Zopa should refund interest and charges as it's agreed to do as well as amend Mrs L's credit file. It should also agree an interest free affordable repayment plan with her. I will leave it to Mrs L to decide if she wishes to receive a refund of the charges and interest or allow Zopa to deduct it from her account balance.

### **My final decision**

My final decision is that Zopa Bank Limited has made a fair and reasonable offer to settle this complaint. Mrs L's acceptance of that offer as set out above would be in full and final settlement of this complaint.

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

David Singh  
**Ombudsman**