

The complaint

Mr M complains that Zopa Limited (“Zopa”) irresponsibly granted him a credit card he couldn’t afford to repay.

What happened

In December 2021 Mr M 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 M says that Zopa didn’t complete adequate affordability checks when it opened his account. He says he was already struggling financially at the time with other loans and credit cards.

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

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

As Mr M 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 M 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 M’s declared income of £31,000 and an allowance of £210 for housing costs. It then verified this information using credit reference agency data which showed he had a mortgage and was making use of loans and other credit. 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. Mr M says he was making use of loans and other credit cards at time. I’ve noticed that previously Mr M had made use of short-term loans but these all appear to have been settled by the time he took out this credit. I also see that Mr M already had three recent loans in place when he took out the card, showing a balance of around £4,600. He was also actively

using at least one credit card. But his previous payment history appears to have been good with no adverse markers on his credit such as default or county court judgments. I therefore don't consider that it was unreasonable for Zopa to grant the relatively modest opening credit limit that it did.

Finally, I see that Mr M is unhappy that he was unable to make contact with Zopa on a particular time and date, which Zopa says was outside its normal operating hours. Zopa has been unable to trace any contact from his email address. Given that from what I've seen Mr M wasn't unduly inconvenienced and was still able to start his complaint, I don't think Zopa needs to do anything more.

It follows that, whilst I'm sorry to disappoint Mr M on this occasion and to learn that he is still experiencing financial difficulty, I don't think Zopa acted unfairly when it granted him this credit.

My final decision

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

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

Michael Goldberg

Ombudsman