

The complaint

Mr K complains Zopa Limited prevented him unable to access his funds from his Peer to Peer (P2P) lending account – causing him distress and financial detriment.

What happened

Mr M held accounts on Zopa's P2P platform for a number of years. In January 2022, Zopa made the decision to close the P2P lending side of its business. Mr K sought to withdraw his investment the following month. Despite making previous withdrawals, he was asked to revalidate his ID before Zopa could release further funds, so he complained.

On 15 and 16 March 2022, Zopa responded to Mr K's concerns. It didn't uphold the complaint but did express sympathy for his frustration. It explained his bank account hadn't been verified, and it needed to be able to do this to comply with anti-money laundering controls. Its response set out the information it needed from Mr K to progress the situation.

Mr K referred the matter to this service. He described the number of times he engaged with Zopa with no success and highlighted the distress and financial hardship to both him and his family as well as the impact to both his mental and physical health.

Our investigator looked into Mr K 's concerns. She found:

- There were marked discrepancies with the information Zopa held for the account in question so Zopa had valid concerns that Mr K wasn't the legitimate account holder.
- The information that he'd presented prior to this service's involvement and since then, hadn't met Zopa's requirements because it wasn't current, and hadn't been presented in the format Zopa had required to authenticate the validity of it.
- Although Zopa did later agree to release the funds, this didn't persuade the investigator that it had acted unfairly as even at that point, the format of the documents hadn't met the required standard – it was simply that Zopa were happy to proceed despite the situation.
- However, Zopa had fallen short in December 2022 when it advised it would contact Mr K to confirm information it was willing to accept but failed to do so.
- Zopa was made aware on 13 January 2023 of Mr K's financial difficulty but again failed to respond for three weeks which in the circumstances, was unreasonable.
- Whilst the funds had now been paid, it delayed releasing the funds once Mr K's account details were provided.
- The investigator concluded that for the period of avoidable delay, Zopa should pay £200 to take into account the impact this had on Mr K.

Mr K raised further points in response to the investigator's assessment. He complained Zopa had continued to lend his money without permission and had concerns about the balance of his account.

The investigator confirmed her position had remained unchanged and that as the new issues hadn't been considered by Zopa, this service couldn't yet comment on them. The

investigator passed the complaint points to Zopa to look into and we set up a new complaint to specifically investigate the follow-up issues, if necessary.

Mr K was still unhappy, so the complaint was referred to me for review.

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.

Before I explain further why this is the case, I think it's important for me to note I very much recognise Mr K's strength of feeling about this matter. I understand he has raised a number of points during his contact with this service. But I should clarify that we are an informal service and our rules allow me to focus on what I consider relevant. So, whilst I've considered everything he has said, I've limited my findings to those areas which impact on the outcome of the case.

Role of this service

I think it's important to bear in mind the role of the Financial Ombudsman Service and what this Service can and can't do under the rules that govern it given Mr K's comments. This Service is an independent and impartial organisation which looks at each complaint on their individual merits. When assessing complaints, we take into account relevant law, regulation and best industry practice but I'm not bound by it. It's for me to decide based on the information I've been given, what is fair and reasonable in the circumstances.

Further, this Service hasn't been set up to take enforcement action or make changes to the financial industry. This is because we are not the regulator so we can't tell Zopa to change its processes or the way in which it decides to run its business. But we can, look to see if it has acted fairly and in line with its rules in this particular case. That's what I've done here.

Valid ID

The key issue for me to consider here is whether the ID Mr K offered Zopa should have been accepted earlier than it was.

It is down to the business to determine how to meet those requirements, therefore, a matter of commercial discretion. Zopa's validation process meant that it needed to verify the bank account linked to Mr K's profile before it could release any funds. But even more so following the discrepancy in both name and date of birth that had come to light after Mr K's withdrawal request in 2022. I'm satisfied Zopa's request for the account to be verified was reasonable in light of its ongoing responsibility to meet its obligations in terms of anti-money laundering controls, and that its request for information was to satisfy those checks.

Zopa clearly set out the information it would accept and the format it needed to be in - this included a change of name certificate (if a deed poll had taken place) and a utility bill to matching Mr K's name and address. I don't think it was unreasonable for Zopa to have required this information of Mr K in light of the discrepancies, but further, because the details inputted at account opening stage would have been done so by the account holder and hadn't been verified for years.

Unfortunately, the information Mr K supplied in November 2022 couldn't be authenticated, nor were the statements he supplied shown to have been dated in the last three months. So, it would seem the delay in Mr K accessing his funds at that point was because he didn't offer

Zopa the documents it required and without that, it couldn't make the transfer to him. As such, I don't think that Zopa has acted unfairly or unreasonably here.

Despite the concerns Zopa held, the investigator facilitated the acceptance of alternative documentary evidence. This included two sets of bank statements linked to the accounts in addition to a utility bill. Mr K supplied redacted information despite that request, but, in an effort to bring the matter to a close, Zopa took the decision to release the funds anyway. I don't think it was unreasonable of Zopa to have requested the evidence it did given the validation process. I say this because Zopa provided a reasonable explanation for the information it needed, and I'm satisfied this was a legitimate use of its commercial judgement.

Communication

Mr K tells us that he's tried to contact Zopa with very little success. From the information I've seen, I think Zopa investigated Mr K's complaint and provided a fair response within a reasonable time. I appreciate Mr K doesn't agree. He's wrote to Zopa after it issued its final response on 15 March 2022, but I can't see any further contact from him until August 2022 - after the point our service had become involved. Whilst I have no doubt about Mr K's frustrations, I'm satisfied Zopa told Mr K the information it required, that the response it provided was final - and explained he had the right to take the matter further by contacting this service if he remained unhappy. And whilst I haven't seen anything to suggest Mr K did make further contact, even if he had, I don't think it would be fair to criticise Zopa for not entering into further correspondence.

However, like the investigator, I do agree Zopa could have done more to move the situation along at points once the complaint had reached this service – specifically when Zopa was didn't engage with Mr K in December 2022 and further, when it delayed responding to information requests.

Whilst I've not seen evidence to support Zopa's action caused Mr K any financial detriment, I think that the delays Zopa caused in handling the complaint between December 2022 and March 2023 has worsened Mr K's experience and added to his frustration. And, at I time I understand was personally difficult for him.

Putting things right

Having thought carefully about everything Mr K has experienced and after having reviewed all the evidence available, I agree with our investigator that £200 is a fair and reasonable amount of compensation for Zopa to pay for the overall distress and inconvenience caused in this case.

Finally, I understand Zopa has now transferred the balance of Mr K's accounts to his preferred bank account. Since bringing the matter to this service, Mr K has raised concerns over the amounts he believes were in the accounts and whether Zopa has continued to lend without his permission. I'd like to make it clear that those elements of Mr K's complaint aren't the subject of this decision and therefore any consideration of this hasn't been the subject of my review here.

My final decision

Zopa Limited should pay Mr K £200 compensation for the distress and inconvenience caused to him if hasn't already done so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or

reject my decision before 2 June 2023.

Farzana Miah
Ombudsman