

## **The complaint**

Mr H complains that Zopa Bank Limited lent to him irresponsibly.

## **What happened**

In November 2021 Mr H applied for a loan with Zopa. Zopa approved the application and gave Mr H a loan for £2500 with monthly repayments of £127.84.

Mr H complained that Zopa had lent to him irresponsibly.

Zopa didn't uphold the complaint. It said it had carried out proportionate checks before lending to Mr H.

Mr H remained unhappy and complained to this service.

Our investigator didn't uphold the complaint. He said that Zopa had completed reasonable and proportionate checks and that the lending decision was fair.

Mr H didn't agree. He said he was self employed at the time he applied for the loan and that he'd inflated his salary in order to have a better chance of his application being accepted. Mr H said that if Zopa had looked at his bank statements it would've discovered his true income and wouldn't have approved the loan.

## **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.

We've set out our approach to complaint about irresponsible and unaffordable lending on our website. I've had this approach in mind when considering Mr H's complaint.

Before agreeing to lend, Zopa needed to complete reasonable and proportionate checks to ensure that Mr H could sustainably repay what was being lent to him.

There's no set list of checks that a lender has to complete. But lenders must have regard to things like the amount being lent, the total amount repayable, the monthly repayment and the consumers individual circumstances.

I've looked at the checks that Zopa carried out before it approved the loan.

Mr H declared monthly income of £3382 in his application. He also declared housing expenses of £300. Zopa used a third party tool to verify Mr H's income.

Zopa also carried out a credit check. This showed that Mr H had a modest level of unsecured debt, with no missed payments, no defaults and no CCJ's.

Zopa carried out an affordability assessment using the information it had gathered from the checks, It took into account Mr H's existing consumer credit commitments (loans and credit

cards) with repayments on credit cards based on a monthly repayment of 5% of the balance. Zopa calculated that this gave Mr H monthly disposable income of around £2754.

Based on what I've seen, I think the checks carried out by Zopa were reasonable and proportionate. There's nothing in the information gathered which would've given Zopa cause for concern or which meant that further checks should've been carried out.

I've gone on to consider whether the lending decision was fair. There's nothing in the information gathered from the checks to suggest that Mr H was struggling to repay his debts or that he was overly reliant on credit. Nor was there anything to suggest that Mr H wasn't likely to be able to sustainably repay the loan.

I've taken account of what Mr H has said. I appreciate that he feels that Zopa should've looked at his bank statements. There's no obligation on a lender to check bank statements before lending, and as I've said above, I'm satisfied that Zopa completed reasonable and proportionate checks here. I haven't seen anything in the information gathered by Zopa which meant that it should've completed further checks by looking at bank statements or payslips.

For the reasons I've given, I'm unable to say that Zopa lent to Mr H irresponsibly.

### **My final decision**

My final decision is that I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 6 August 2023.

Emma Davy  
**Ombudsman**