

The complaint

Mr W complains that Zopa Bank Limited (“Zopa”) owes him money following the early settlement of his hire purchase agreement with them. Mr W also complains that Zopa gave him incorrect information during this process.

What happened

Mr W took out a hire purchase agreement with Zopa. In April 2023, he asked them for a settlement quote to provide to his insurer.

Zopa sent Mr W a quote saying that he could settle the loan early if £12,899.01 was received. Mr W sent the quote to his insurers. On 4 May 2023, Zopa debited £308.14 from Mr W’s bank account, which was the due payment under his hire purchase agreement. Zopa says they e-mailed Mr W on 5 May 2023 saying the revised early settlement quote was £12,590.87 because the monthly payment had been made the day before.

Mr W’s insurer sent Zopa £12,899.01 on 10 May 2023. Zopa says that, because the revised quote was for £12,590.87, they refunded the insurer the difference between the two figures, which essentially was the payment Mr W had made on 4 May 2023.

Mr W complained to Zopa. He said he’d asked Zopa whether he should make the monthly payment that was due and was told to do so to prevent negative information potentially being recorded on his credit file. Mr W says Zopa told him they would refund any overpayment to him.

Zopa didn’t uphold Mr W’s complaint. They said the settlement was recalculated following the payment he had made on 4 May 2023 and that he was liable for any monthly repayment which fell due before the settlement payment was received from his insurer. Zopa said that Mr W should contact his insurer if he wanted the payment of £308.14 to be returned to him. Zopa did though offer Mr W £25 for poor service, as they hadn’t contacted him to discuss his complaint as promised.

Mr W didn’t accept Zopa’s response, so he referred his complaint to our service. Our investigator didn’t recommend that it should be upheld. She said, in summary, that Zopa hadn’t done anything wrong and had acted fairly in returning the amount in dispute to Mr W’s insurer.

Mr W didn’t agree, so his complaint has been passed to me for a 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 want to acknowledge that I’ve summarised the events of the complaint. I don’t intend any discourtesy by this – it just reflects the informal nature of our service. I want to assure Mr W and Zopa that I’ve reviewed everything on file. And if I don’t comment on something, it’s not

because I haven't considered it. It's because I've concentrated on what I think are the key issues. Our powers allow me to do this.

It's not disputed that Mr W contacted Zopa and asked for a settlement quote to settle his hire purchase agreement. Nor is it disputed that Zopa sent Mr W a quote with a figure of £12,899.01.

However, the dispute centres around what happened afterwards. Mr W says Zopa told him to continue to make any due payments under the agreement, if the agreement hadn't already been settled by then. And he says Zopa promised to refund him any overpayment he made.

Mr W's payment of £308.14 on 4 May 2023 led to Zopa sending him a revised settlement quote. I've seen a copy of the quote, which stated that it would cost £12,590.87 to pay off the loan early. Mr W's insurer sent Zopa £12,899.01 shortly afterwards, and I've seen evidence from Zopa that they refunded the difference between the two quotes, back to the insurer.

I agree with Mr W that Zopa gave conflicting information to him. I've seen a screenshot of a webchat between them where Zopa told him they'd received £12,590.87. However, I don't agree that Mr W should be refunded £308.14. I've not seen sufficient evidence that Zopa promised they would refund him this payment and I note that the initial settlement quote said that *'if you make changes to your loan, such as moving your repayment date or making extra repayments, your quote will no longer be valid'*.

So, Mr W was made aware that the original quote would no longer be valid, if he made any further payments. Once Zopa sent their revised quote, it was incumbent on him to let his insurers know that the amount due to settle the agreement had changed. The insurers likely would have changed the amount they paid to Zopa, rather than refunding him the difference, as they likely would have complied with the revised quote.

As such and given the above, I see no basis on which to say Mr W should be refunded the £308.14 he wishes to reclaim.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 23 August 2024.

Daniel Picken
Ombudsman