

The complaint

Miss N complains Zopa Bank Limited didn't help her when she told them she was in financial difficulties on her credit card.

What happened

On 22 and again on 29 March 2023, Miss N contacted Zopa and asked them for a three-month payment break. Zopa replied, said they don't offer three-month plans, but could arrange a reduced plan which would stop interest and charges throughout the plan until she got back on her feet. The minimum payments would still be needed though – or, alternatively, they could offer a 30 day hold on the account which will stop charges when a payment is missed – but the payment still remains due. So, again, missed payments would be reported. They asked Miss N to call them. Miss N replied by email and asked for 60 days breathing space.

Miss N says she didn't get a reply to her last email and had lots of further issues with Zopa – including them continuing to apply interest and charges which took her over her credit limit. Miss N also felt Zopa had been arrogant in their communications with her, and her credit card was closed for new purchases on 31 August 2023 and defaulted later on, which she was also unhappy with.

Zopa said they'd replied to Miss N's first email of 22 March 2023 in April 2023 and hadn't heard from her – so her account continued to run normally. And, if a payment was missed, then interest and fees were charged in line with the terms and conditions of the account. They didn't think they'd sent any emails which were arrogant but were sorry it'd made Miss N feel that way. And they had revoked the use of her credit card account because of the arrears. Overall, Zopa didn't think they'd done anything wrong.

Unhappy with this, Miss N asked us to look into things. An Investigator did so and found overall Zopa hadn't done anything wrong.

Miss N disagreed with this, she provided a timeline of events from her perspective. Because she didn't agree, her complaint's been passed to me.

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 think it's important to firstly explain I've read and taken into account all of the information provided by both parties, in reaching my decision. I say this as I'm aware I've summarised Miss N's complaint in considerably less detail than she has. If I've not reflected something that's been said it's not because I didn't see it, it's because I didn't deem it relevant to the crux of the complaint. This isn't intended as a discourtesy to either party, but merely to reflect my informal role in deciding what a fair and reasonable outcome is. This also means I don't think it's necessary to get an answer, or provide my own answer, to every question raised unless I think it's relevant to the crux of the complaint.

Guidance issued by the regulator requires lenders like Zopa to apply forbearance when someone tells them they're in financial difficulties. This can include many things – but amongst the most common are freezing interest, charges, and allowing reduced or no payments to be made for a period of time. So, the question I need to answer in Miss N's case is did Zopa treat her fairly.

Miss N says she reached out to Zopa in March 2023 asking for help, and Zopa didn't help her like other lenders did. I should explain up front I'm only deciding whether Zopa have acted fairly or not – so I won't be factoring in what other lenders may have done for her.

Initially, I can see Miss N asked for a 60-day payment holiday effectively – Zopa replied and said they don't do this. This reply was on 2 April 2023.

Zopa say they then didn't hear from Miss N again until the end of May – but this isn't quite correct. Miss N replied on 2 April 2023 reiterating a request for a 60-day payment holiday.

Miss N says she then didn't hear back from Zopa about her request – instead they just sent her arrears notices, default notices and continued to apply fees and charges. She says she next followed this up on 30 May 2023. But, this isn't right either – Zopa did try and reach Miss N following her email of 2 April 2023 – but on the phone.

Zopa have shown their system tried to call Miss N 20 times between 2 April 2023 and 30 May 2023 – but seemingly none of these contacts resulted in Zopa being able to speak to Miss N. Zopa have said these contacts were intended to help someone if they're in difficulties.

Stepping back, I'm looking at what's happened here impartially. I've got a customer of Zopa's emailing them asking for a 60-day payment holiday, Zopa say they don't do this and offer other options, and the customer replies asking again for the 60-day payment holiday. In the circumstances, I can't say it was unfair of Zopa to want to speak to Miss N – as clearly there was some explanations they wanted to give Miss N. She didn't accept they couldn't offer her a 60-day payment plan, and having already told her that by email, they seemingly needed to explain things over the phone as Miss N didn't accept that.

I understand Miss N has said she was at work at the time of the calls, but I can't hold Zopa responsible for that if they've tried to speak to her.

So, at this point then, although Miss N thinks Zopa should have put a plan in place for her I don't agree. Any plan they do put in place would impact her credit file, and they've got no agreement from her to put a plan in place at this point. I realise Miss N will be frustrated by this, but I don't think it'd be right for Zopa to put a plan in place that'd impact someone's credit file without their explicit agreement. And, it seems, Zopa tried to get that agreement about 20 times without Miss N engaging with them. I can't hold Zopa responsible for that.

Following this Miss N did complete an income and expenditure form on 2 June 2023. For some reason, Zopa didn't reply directly to this. But, again, they did try and call Miss N a further eight times in June to discuss her situation – and none of these contacts were answered either.

Miss N thinks it wasn't right for Zopa to also send her letters about her account being in default. Zopa are required to continue sending these notices, even if a payment plan had been agreed.

In respect of that, I can see Miss N said she could make payments of £20 a month – but these payments wouldn't have been enough to clear the arrears within a reasonable period of time. The Information Commissioner's Office says when someone has accrued between three months' worth of arrears, and not more than six months' worth of arrears, their account should usually be defaulted. Because no plan had been agreed, by July 2023 the arrears were £110.01 (or around three months' worth) – and Miss N was only able to offer £20 a month. So, it would have taken almost a further six months to clear the outstanding arrears – and that's without anything else being added in that timeframe.

In the circumstances, I don't think Zopa revoking Miss N's usage of the credit card, or defaulting the account, was unfair. No plan had been agreed and Miss N said she couldn't afford to bring the account back up to date within a reasonable period of time.

While reviewing all of these events, I've considered the tone of Zopa's correspondence, and not found anything inappropriate in them – so I can't agree with Miss N they've been arrogant as she's said.

I understand this will be incredibly frustrating for Miss N, and I'm sorry for the situation she's found herself in, but I can only uphold her complaint if I've found Zopa should have done something different. For the reasons I've set out above, I haven't found that.

My final decision

It follows that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss N to accept or reject my decision before 12 April 2024.

Jon Pearce
Ombudsman