

The complaint

Miss M complains that Zopa Bank Limited (“Zopa”) irresponsibly gave her a credit card she couldn’t afford.

What happened

In April 2023 Miss M applied for and was approved for a Zopa credit card. She was given a credit limit of £1,200 for spending and an additional £1,500 credit limit if she wished to make a balance transfer.

Miss M complained to Zopa to say that the account shouldn’t have been opened for her because it wasn’t affordable and worsened her financial position.

In my provisional decision dated 19 January 2023 I explained why I wasn’t intending to uphold Miss M’s complaint. Essentially, I was satisfied that Zopa’s checks to ensure the card was likely to be affordable when granting the card were reasonable and proportionate. I also didn’t think that those checks showed enough to have prompted it to carry out further checks.

I set out an extract below:

“Miss M’s complaint is that Zopa made credit available that was unaffordable for her. Zopa has explained that it carried out a credit check using a credit reference agency to help work out the amount of credit it was able to offer. This included establishing her income and that her income met at least the minimum requirements Zopa had set.

Zopa also looked at Miss M’s existing credit commitments and credit history, checking it was likely she’d have enough disposable income after paying her existing credit. The credit check showed there was no recent adverse information on Miss M’s credit file – the most recent item of any concern being around three and a half years before her application for the credit. Given the level of credit that was being granted, I think these checks were reasonable and proportionate. So I can’t say that further checks were necessary. But I also need to look at what the evidence and information obtained by Zopa showed to see if it made a fair lending decision.

I’ve seen that annual Miss M’s income at this time was at least £22,000 with a net monthly income of around £1,800. The evidence gathered by Zopa showed she had a loan in place with monthly payments of £21 and an outstanding balance of around £500. I know Miss M has said she took out two other credit cards at around the same time that Zopa ought to have been aware of. But given the way credit check information is updated this isn’t something I think it would have been reasonable to expect Zopa to be aware of. The overall picture was that Miss M’s financial situation was generally being managed well at that point. And the checks suggested she would have enough disposable income from which to sustainably repay the full credit card balance, if used. I’ve seen that Miss M did not use the balance transfer element of the credit.

I'd also like to address the issue of gambling that Miss M has told us about. She says that in the months leading up to the lending decision she spent a very substantial sum of money this way and thinks Zopa ought to have been aware of this. I am concerned to learn of this issue and I recognise how this could contribute to the deterioration of her financial situation. But Zopa's checks at the time gave a fair snapshot of Miss M's credit commitments and financial circumstances when she applied for the card. So I wouldn't have expected it to carry out additional checks to discover more about what Miss M was spending her income and existing credit on.

It follows that, having looked carefully at all the available evidence and information, I don't currently think I've seen enough to show or suggest that Miss M's card account with Zopa was unaffordable. So I can't reasonably conclude that Zopa ought to have known she might struggle to make the repayments.

I'm therefore also not currently persuaded that Zopa acted unfairly in approving her for the card with the limits it gave her. It follows that I don't think it needs to do anything more to put things right."

Copies of my provisional decision were sent to both parties but neither of them has come back with any evidence or information to add.

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.

Given that neither party has provided me with any further evidence or information to consider, I won't be changing my provisional finding that Zopa didn't act unfairly when granting Miss M her card. I therefore won't be upholding this complaint and will not be requiring Zopa to do anything more.

My final decision

For the reasons I've given above, I am not upholding this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M to accept or reject my decision before 7 March 2024.

Michael Goldberg
Ombudsman