

The complaint

Mr H says Zopa Bank Limited irresponsibly lent to him.

What happened

Mr H took out a loan for £12,500 over 24 months on 22 June 2023. The monthly repayments were £628.80 and the total repayable was £15,091.29.

Mr H complained to Zopa that the loan should never have been given as it was unaffordable for him.

Zopa upheld his complaint. It said all interest and charges would be refunded to his account and he should contact its Repayments Team to agree an affordable repayment plan for the capital balance outstanding. It said it would no longer report the loan to the credit reference agencies and the loan would be removed from his file, including any previous adverse information.

Our investigator said this was in line with how we would instruct a lender to settle an irresponsible lending complaint and so he was not upholding Mr H's complaint.

Mr H said he could not afford to repay any of the loan and asked for an ombudsman's 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.

Our approach to complaints about irresponsible/unaffordable lending is set out on our website and I have followed it here. I can see the investigator has also already shared with Mr H what lenders must do to put things right when we find credit should not have been given.

It is not in dispute here that this loan should not have been given to Mr H. But Zopa has already offered to put things right in line with the approach we take in such circumstances. We do not typically instruct a lender to write-off any capital balance outstanding as the borrower has had the benefit of that money.

We would expect the lender to work with the borrower to try to agree an affordable repayment plan, treating them fairly and with forbearance as appropriate. I can see Zopa has asked Mr H to contact its Repayment Team so it can start this process. I also note Mr H says he cannot afford to repay the Zopa loan as he has other debts.

If he hasn't already, he might find it helpful to contact an organisation like StepChange (tel: 0800 138 1111) that can provide free debt management advice. I am sorry this has become so very stressful for Mr H – as our investigator said we would encourage him to contact the Samaritans (tel: 116 123) or his GP if he is struggling to deal with the impact of his financial difficulties as they may be able to provide the type of support Mr H needs that we cannot.

My final decision

I am not upholding Mr H's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 2 April 2024.

Rebecca Connelley
Ombudsman