

The complaint

Mrs R is unhappy that Zopa Bank Limited has sold her debt. She's also unhappy that the new owner of the debt has been provided with her previous UK address where she hasn't lived for over three years. Miss R lives abroad and has been trying to get Zopa to change her address on their system since 2021. Miss R is worried that she won't receive letters sent to her at her old address.

What happened

Mrs R entered into a Loan Agreement with Zopa on 23 April 2019, under which she borrowed £14,750 over a term of 60 months.

The account fell into arrears. In 2021 Mrs R entered into a payment plan for £30 per month.

In September 2021, Mrs R told Zopa she had moved abroad and asked for advice on how to change her residential address on her account profile. Zopa said it wasn't able to update Mrs R's address with a non-UK address and that it would correspond with her via email, although some regulatory correspondence would need to be sent by post.

Mrs R raised a complaint that her address couldn't be changed. Zopa issued a final response in which it said that in order to change Mrs R's residential address to a non-UK address, certain parts of Zopa's system would need to be amended and this wasn't something which could be resolved in a few weeks. Zopa said it would look into this and that it hoped to be able to meet the request in the future. Zopa also said that it had added a note on its system that Mrs R had an overseas address and confirmed that correspondence would be sent by email only.

In December 2023 Mrs R became aware from the online portal that her debt (with her old UK address details) had been sold to a third party. She hadn't received any communication from the third party and didn't know who to make payments to. This caused Mrs R to worry that the third party might obtain a county court judgment against her without her knowledge. She complained to Zopa.

Zopa didn't uphold the complaint. It said it wasn't able to hold a non-UK address on its system.

Mrs R remained unhappy and brought her complaint to this service.

Our investigator upheld the complaint. She said Zopa had provided the third party with incorrect information about Mrs R's address and said that Zopa should pay compensation of £250 for the distress and inconvenience caused to Mrs R.

Zopa didn't agree. It said it hadn't made an error because it had advised Mrs R that it required a UK address to send correspondence to. It said that when the debt was sold, it had provided the third party with the address held on file, as it was unable to change this to a non UK address.

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.

The evidence shows that Zopa knew – and has known since 2021 – that Mrs R no longer lives at the UK address which it holds for her on its system. It also knew – and has known since 2021 – that Mrs R lives abroad. It follows that when Zopa sold the debt to a third party with the address held on its system, it knew that the address it had provided was incorrect and that any correspondence sent by the third party to Mrs R at the address provided was very unlikely to reach her.

I've thought about whether Zopa has treated Mrs R fairly. Zopa has said that it isn't able to input a non-UK address into its system. However, it has also said that when it sold the debt, it provided the UK address to the third party rather than Mrs R's actual address. I don't think Zopa has treated Mrs R fairly by doing this, because it knows that Mrs R won't receive any correspondence which the third party send to her at the UK address. There's also a wider data risk, because correspondence - including personal and financial details about Mrs R - is likely to be sent by the third party to an address at which Zopa knew she no longer resided at when it provided the address.

Zopa has explained that it isn't able to hold a non-UK address on its system. But it hasn't explained why it didn't take steps to bring it to the third party's attention that Mrs R doesn't reside at the address on the system. I can't see that Zopa has provided details of Mrs R's actual address to the third party either or that it took any steps to bring it to the third party's attention that Mrs R didn't live at the UK address provided.

For the reasons I've set out above, I don't think Zopa has treated Mrs R fairly.

Putting things right

Whilst I haven't seen any evidence of an actual data breach, there is a risk of this happening. This has caused Mrs R a significant degree of ongoing distress and I think it's fair to ask Zopa to compensate her for this. I agree with the investigator that the sum of £250 is fair and reasonable.

My final decision

My final decision is that I uphold the complaint. Zopa Bank Limited must pay compensation of £250 to Mrs R.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs R to accept or reject my decision before 16 August 2024.

Emma Davy
Ombudsman