

## The complaint

Mr P complains that Plata Finance Limited under its trading name Zopa irresponsibly lent him personal loans.

## What happened

Zopa lent Mr P three loans between June 2017 and July 2021, the loan details are as follows.

Loan number	Start date	Loan amount (£)	Term	Repayment amount (£)	End date
1	16/06/2017	4,000*	24 months	183	16/07/2018
2	20/06/2020	10,000	24 months	485.22	25/03/2021
3	30/07/2021	5,500	36 months	170.39	11/04/2022

\*There was a £30 loan fee.

Mr P complained to Zopa through a third-party representative about its decision to lend all the loans. Zopa didn't uphold any aspect of Mr P's complaint, so he referred it to the Financial Ombudsman Service where it was looked at by one of our investigators.

Our investigator concluded that Zopa hadn't unfairly lent any of the loans, she says while Zopa should have done better checks before lending loan 1, she thought even with reasonable checks, the loan was affordable. Our investigator concluded that the checks went far enough for loans 2 and 3 and those checks showed Mr P could afford the loans. Mr P didn't accept the investigator's findings, his representative said his bank statements should have been reviewed.

As the complaint has remained unresolved, it has been passed to me an ombudsman to make 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.

Zopa will be aware of all the rules, regulations and industry practice we consider when assessing complaints about irresponsible/unaffordable lending. We've set out our general approach to these types of complaints - including all of the relevant rules, guidance and good industry practice - on our website. So, I don't think it is necessary to set it all out in this decision.

In summary, Zopa needed to ensure that Mr P could afford to make the repayments on each loan agreement when they fell due. The relevant rules and regulations don't prescribe what checks need to be carried out, but the checks need to be reasonable and consider the specific circumstances of the consumer.

From what I can see, before lending loan 1 Zopa considered Mr P's declared income. Mr P declared his annual income as £25,000, Zopa worked this out to be £1,689.92 per month.

Zopa searched Mr P's credit file and found he had a number of credit accounts including a joint mortgage.

Zopa needs to carry out reasonable checks, these checks aren't prescriptive as stated above and so there is no obligation on Zopa to request bank statements or carry out a credit check and if it did carry out a credit check, it wasn't required to do so to any specific extent. The result of the credit check Zopa has provided for loan 1 doesn't show it checked adverse information on Mr P's credit file, like bankruptcies or delinquent accounts.

This was Mr P's first loan with Zopa, and the repayment represented a small fraction of his declared income. When his part of the mortgage payment and the other credit commitments are considered, I think these show he could afford the loan repayment of £183 over the term.

There's an argument that it would have been reasonable for Zopa to check for any relevant adverse information before agreeing this loan. But even if it did, I think it would still have found Mr P was in a position to sustainably afford this loan. I say this because Mr P has provided a copy of his credit file and while it shows accounts from 2018, I haven't seen anything on his credit file to show there were any historical adverse information.

Mr P declared the loan was for debt consolidation and I can see Zopa didn't pay the full value of the loan into his account. In the circumstances, it is reasonable to assume that some the loan amount went towards settling other credit account(s) which would have reduced Mr P's outgoings particularly as he could have put the balance of over £2,400 towards repaying other accounts as well.

I think Zopa wasn't wrong to lend this loan as its checks showed Mr P could afford the repayments and even if it did take its checks further, it would likely still have found he could afford the loan repayment.

Mr P repaid loan 1 early and didn't borrow loan 2 until nearly two years after he'd repaid loan 1. There was nothing within his repayment history of loan 1 that suggested he struggled to keep up with his repayment.

Loan 2 was for a larger amount and before lending Zopa searched Mr P's credit file, asked about his income and the purpose of the loan was declared as debt consolidation. Mr P's income had increased to £28,202 per annum (£1,892.73 per month), his mortgage repayment had reduced to £327 (joint payment), and I can see his credit commitments had increased as he was now repaying a hire purchase agreement.

From what I can see, considering his income and credit commitments, he'd have been left with enough to cover other living costs after repaying this loan. So, I don't think Zopa was wrong to lend here.

In the circumstances of this loan, I think its checks went far enough and those checks showed Mr P could afford the loan repayments.

Mr P again repaid loan 2 early before borrowing loan 3 in July 2021. The loan was for less than loan 2 and the monthly repayment for this loan represented a small fraction of Mr P's monthly income.

I can also see that Mr P's credit commitments had substantially reduced and apart from his part of the mortgage payment, he was repaying £35 towards credit commitment. With an income of around £1,650, I think Mr P could afford the monthly repayments towards this loan.

In my view, Zopa's checks for loans 2 and 3 went far enough and those checks showed Mr P could likely repay the loan. I don't think Zopa was wrong to lend any of the loans. Mr P has provided copies of his bank statements. Zopa wasn't required to check bank statements and I think the checks it did do were mainly reasonable. I don't think it would have been reasonable for it to review Mr P's bank statements and I haven't held it to that standard on this occasion as I don't consider it reasonable in these circumstances.

Even for loan 1 where there's an argument it should have understood Mr P's history and whether he had any adverse information recorded, I don't think reasonable and proportionate checks would have included a review of his bank statements.

### **My final decision**

For the reasons given above, I don't uphold Mr P's complaint or make any award against Plata Finance Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 8 October 2024.

Oyetola Oduola  
**Ombudsman**