

The complaint

Mrs S is complaining about the way Plata Finance Limited trading as Zopa administered certain aspects of her loan.

What happened

Mrs S took out a loan with Zopa in February 2017. The initial term of the loan was five years, but Mrs S suffered some financial difficulties and Zopa put an arrangement in place which extended the term.

In July 2023, Zopa sent Mrs S a Notice of Default, telling her the arrears on the account were £1,096.77. Mrs S called Zopa around a week later, asking to settle her loan, and paid £931.72 – the amount the Zopa representative told her that she needed to pay.

In August 2023, Zopa wrote to Mrs S addressing a complaint she'd raised previously. In the same email, they told Mrs S that they'd given her an incorrect settlement figure and let her know she still had an outstanding balance of around £165 on the account. They paid her £50 to apologise for giving her the wrong information about the settlement figure but reiterated that the £165 was still due.

Over the months that followed, Zopa continued to chase Mrs S for payment, and gave her conflicting information about how much was still outstanding. Mrs S raised a series of complaints with Zopa and brought her complaints to us in December 2023 as she remained unsatisfied with Zopa's responses.

Zopa have acknowledged they gave Mrs S incorrect information about the settlement figure and have apologised for their error. They have now written off the £165 outstanding, and paid Mrs S a total of £125 to recognise the distress the matter has caused her.

One of our investigators reviewed the matter and said he thought Zopa should pay Mrs S a further £275. Zopa disagreed and offered a further £110, to take the total compensation payable to £400 including the £165 written off. Mrs S didn't accept Zopa's offer or our investigator's view. She said that in addition to the financial impact of the claim, she'd suffered from considerable stress and anxiety as a result of Zopa's actions. Mrs S asked for a decision – and the matter's come 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.

Having done so, and acknowledging it'll be a disappointment to Mrs S, I've reached the same outcome as our investigator. I'll explain why.

Zopa have acknowledged that they gave Mrs S an incorrect settlement figure. So I've not investigated this but considered the impact it had on Mrs S, as well as the impact of the subsequent communications between the two parties.

When Mrs S called Zopa with the intention of settling her loan, it was reasonable for her to expect that they'd give her an accurate figure. So, although she did have a figure in writing from Zopa, I can't say she should have disputed what she was told over the phone. I can understand why she thought she'd paid the loan off in full and would no longer be chased by Zopa.

When Zopa wrote to Mrs S on 10 August 2023, she accepted the £50 Zopa offered but didn't acknowledge the outstanding balance. I think it's likely she didn't appreciate the full contents of the email at this point.

During the course of September 2023, Zopa sent Mrs S two automated text messages and two automated emails chasing repayment of the £165. On 10 September 2023, Zopa also sent her a letter which stated that the amount she needed to pay to settle her loan was £0. So Mrs S was given a lot of contradictory information.

Zopa sent a further chaser for payment in October 2023, after which Mrs S complained again. This led to Zopa agreeing to write off the balance of £165, and they paid her £75 to acknowledge the upset they'd caused.

Unfortunately, Zopa didn't update their records properly and continued to request payment in November 2023 which caused further upset to Mrs S.

I can't say Zopa were wrong to chase Mrs S for payment of the £165 outstanding at the beginning of September 2023. But what followed was a succession of confusing and contradictory correspondence. Mrs S described this during one of her many calls with Zopa as "*harassment*" and in the circumstances I don't disagree. It's clear from the calls that Zopa representatives were not taking the time to fully understand and resolve the situation and so the calls were emotional and frustrating. Zopa should have been aware that Mrs S was financially vulnerable, and that her mental health was suffering as a result of this situation. And they should have done more to resolve the matter sooner and more clearly.

Putting things right

When considering how to put things right, I've contrasted what Mrs S went through to the position she'd have been if Zopa had given her the correct settlement figure when she requested it in July 2023. Mrs S has been clear that she refinanced the Zopa debt with another provider, so I'm confident she'd have done the same and settled the correct amount instead. She'd have had higher costs with the new finance provider if she had refinanced a higher amount so it follows Mrs S hasn't incurred any financial loss as a result of the incorrect figure being given.

However, it's clear from the call recordings and emails that Mrs S has been very upset by the whole situation, and I can understand that. She was clearly in financial difficulties and wasn't in a position to pay the £165 Zopa were asking for. She said in one of the calls that she would need to take out another loan if she needed to pay the £165. So that would have been very stressful. On top of that Zopa's communications were unclear which added confusion and caused Mrs S increasing levels of frustration.

Overall, the time from when Mrs S thought she'd settled her loan to when it was closed was around five months. And Mrs S was dealing with confusing and frustrating correspondence from Zopa for most of this time, with the added stress of potentially having to take out additional finance to repay the Zopa arrears. Our investigator recommended Zopa pay an additional £275 to Mrs S – taking the proposed total amount of compensation to £565.05. Whilst I appreciate this is far less than Mrs S wants, I'm satisfied it's a fair and reasonable amount that takes into account the impact of Zopa's errors.

My final decision

As I've explained above, I'm upholding this complaint. Plata Finance Limited trading as Zopa need to pay a further £275 to Mrs S to settle the matter.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S to accept or reject my decision before 3 December 2024.

Clare King
Ombudsman