

## **The complaint**

Mrs L complains that Zopa Bank Limit trading as Zopa gave her a credit card with a limit she couldn't afford to repay.

## **What happened**

In April 2023 Mrs L applied for a credit card from Zopa. Her application was successful and she was given a £500 limit.

Mrs L has said she doesn't feel Zopa completed sufficient checks before agreeing to lend to her and she would like the outstanding balance written off due to her health. Mrs L has said she is unable to work due to ongoing health concerns and is receiving disability benefits.

Zopa considered her complaint. Whilst it didn't agree it had treated her unfairly when it agreed the credit card, it offered to refund all interest and charges so Mrs L would only pay back the amount she borrowed. It also said it wouldn't charge any interest or charges in the future.

Mrs L didn't accept this and referred her complaint to our service. One of our investigators considered her complaint. They thought the offer Zopa had made was fair and in line with what we would typically ask a financial business to do in these circumstances. They also thought that based on her circumstances now, Mrs L did have some capacity to repay the principal balance outstanding. Mrs L didn't agree and so the complaint has been passed to me to consider.

## **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 I'm not going to uphold this complaint. I appreciate this will be disappointing to Mrs L.

I'd like to start by explaining the approach we would typically ask a financial business to take in unaffordable lending complaints. If we're satisfied that the credit was unaffordable for the consumer and shouldn't have been lent (had the lender had made a fair lending decision) we would expect the lender to put the consumer back in the position they would have been in had the credit not been given.

This presents challenges given the consumer has had use of the money lent (in this case Mrs L has used her credit card limit) and so our starting position is the consumer should only repay the amount lent. All interest and charges previously paid by the consumer should be treated as repayments towards the capital (to reduce the overall principal balance). In addition, all adverse information relating to the interest and charges should be removed from the consumer's credit file.

Looking at the steps Zopa has taken, I can see it's removed all interest and charges accrued

during the life of the credit card and it has reduced the outstanding balance by this amount. This has left an outstanding principal balance of £444.03 (at the time Zopa issued its response to Mrs L). Zopa also said it will not charge any future interest and charges and that it will remove any adverse information from Mrs L's credit file. So, although Zopa doesn't agree it lent irresponsibly, it has offered to put things right in a way which is consistent with what we typically ask a lender to do when the credit was unaffordable and should have been lent.

Mrs L feels that Zopa should go further and write off the outstanding balance. Mrs L has provided details of her wider health and financial circumstances and has argued that she isn't able to repay the outstanding balance. Mrs L has further highlighted that the Financial Ombudsman Service can require a financial business to write-off a debt where we think it's fair in the circumstances.

I've taken everything Mrs L has told us about her wider health and financial circumstances into consideration and I am sympathetic to her circumstances. Mrs L is correct that in circumstances where we think it's fair and reasonable we can write-off an outstanding principal balance. However, based on everything I've seen, I don't think this would be fair in the circumstances of this complaint. One of the things I'd need to be satisfied of is that Mrs L has no capacity to make meaningful repayments to the outstanding balance. Mrs L has provided a copy of her recent bank statements. Whilst Mrs L may not have the level of monthly surplus the investigator calculated, I do think she has capacity to make some meaningful repayments towards the outstanding capital balance. So, I think the offer Zopa has made to resolve this case is fair in the circumstances and I won't be asking it to do anything further.

If Mrs L wants to accept the offer that Zopa has made she should contact it directly to discuss this.

### **My final decision**

For the reasons explained I don't uphold this complaint against Zopa Bank Limited trading as Zopa.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs L to accept or reject my decision before 8 April 2025.

Claire Lisle  
**Ombudsman**