

## The complaint

Mr M complains Plata Finance Limited (at the time trading as Zopa Limited) irresponsibly arranged two unaffordable loans for him.

Mr M is represented by a claims management company, but for ease I'll refer to all submissions as though they are his own.

## What happened

Plata operates a lending platform which provided peer to peer lending (P2P). Through this platform it arranged two P2P loans for Mr M with the following details:

Loan	Date of loan	Loan amount	Term (months)	Monthly repayments	Total repayable value
One	June 2017	£2,190 (incl. £190 borrowing fee)	30	£85 (approx.)	£2,530 (approx.)
Two	May 2018	£6,270 (incl. £770 borrowing fee)	60	£150 (approx.)	£8,960 (approx.)

Mr M complained to Plata in February 2024. He said had it conducted reasonable and proportionate checks it would have identified these loans weren't sustainably affordable for him.

Plata didn't uphold Mr M's complaint. It said its checks were proportionate and that it went on to make fair lending decisions when bringing about these loans. Unhappy with Plata's outcome Mr M referred his complaint to our service for review.

Our investigator considered the details and didn't uphold the complaint. He concluded Plata had completed proportionate checks before going on to make fair lending decisions when bringing about these loans.

Plata agreed with our investigator's outcome; Mr M didn't. He maintained his arguments that his finances were already stretched when he approached Plata for these loans. Mr M said he took out the loans to help his financial situation, but that he was living from monthly salary to monthly salary and was struggling to pay his existing creditors and priority debts.

Mr M asked for an ombudsman's review, so the complaint's been passed to me to decide.

## 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.

We've set out our approach to complaints about irresponsible and unaffordable lending as well as the key rules, regulations and what we consider to be good industry practice on our website. Both Mr M and Plata have been made aware of this approach in our investigator's view.

At the time Plata arranged these loans for Mr M it was required to carry out proportionate checks. These checks needed to assess Mr M's ability to afford the loans being arranged and repay them sustainably, without causing him financial difficulties or financial harm.

There isn't a set list of checks a lender needs to carry out, but they should be proportionate, taking into account things like the type, amount, duration and total cost of the credit, as well as the borrower's individual circumstances. And it isn't sufficient for Plata to just complete proportionate checks – it must also consider the information it obtained from these checks to go on and make a fair lending decision when arranging these loans. This includes not lending to someone in financial hardship; and ensuring repayments can be made sustainably without the need to borrow further.

I've followed this approach when considering Mr M's complaint, and have provided my finding below under separate headings for ease.

Plata has said before arranging each loan its checks consisted of assessing Mr M's ability to afford to repay the loans. It's said it did this by validating his declared income via an online credit tool, verifying his housing costs, and by completing a credit search to identify his existing credit commitments.

#### Loan one – £2,190 in June 2017

Plata has provided us with the results of the checks it completed. Having considered the level of checks and the information it obtained; I'm persuaded its checks for loan one were proportionate.

I say this because this was Mr M's first lending relationship with Plata, and it was providing a relatively modest loan value and term. The monthly repayments were around £85 across a 30-month period. So, Mr M wasn't being tied into high monthly payments over a significant period of time.

I consider the results of Plata's checks provided it with a reasonable level of assurance that this loan was sustainably affordable for Mr M. I say this because its checks validated Mr M's declared income to be just over £1,500 per month, and it verified his mortgage payment to be around £480 per month. Plata identified Mr M had one existing unsecured line of credit with a balance of around £1,800 and allocated monthly payments of around £90 for this. The credit check results showed no recent adverse information, so I don't consider it ought to have had any concerns with the information it had obtained and considered.

Plata calculated, after taking into account the payments towards this loan, that Mr M had a disposable income of around £850 per month for other living costs.

I'm therefore satisfied Plata made a fair lending decision when bringing about this loan.

#### Loan two – £6,270 in May 2018

Plata has provided us with the information it obtained through its checks at loan two; and having reviewed the details I'm persuaded it completed proportionate checks.

I say this because although Mr M had approached Plata for further finance the terms of the lending were again relatively modest; and I don't consider required more detailed checks based on the information it obtained.

Mr M's income was validated to be just above £1,500 per month and his mortgage payment was verified to be around £400 per month. Although Mr M's unsecured debt now stood at around £5,000, the majority of this total was made up of the existing line of credit identified at loan one, and the remaining balance on loan one – which in any event was going to be repaid by loan two. There was no recent adverse information identified within the credit check.

Mr M's existing repayments to credit now stood at around £260 per month. Plata would have reasonably factored in that the repayments to loan two would replace the repayments to loan one, so essentially Mr M's total payments towards unsecured credit would stand at around £320 per month. This means Mr M would be left with around £780 disposable income per month for other living costs.

Plata also had the history of loan one to consider; and I've seen that Mr M had made all of his payments in full and on time towards loan one. So, I don't consider there was anything within the information Plata obtained that ought reasonably to have caused it concern.

I therefore consider Plata reasonably concluded loan two was sustainably affordable for Mr M; and that it made a fair lending decision when bringing it about.

#### Did Plata act unfairly or unreasonably in any other way?

Mr M has told us he was in financial difficulties and was struggling to maintain payments towards his priority debts and existing credit commitments when obtaining these loans.

I am sorry to hear that Mr M was experiencing these difficulties around the times these loans were brought about. I've thought carefully about what Mr M has said, but I don't consider Plata was, or ought reasonably to have been, aware of this at the time of these lending events.

I say this because I accept Mr M's actual financial circumstances may not have been fully reflected in the information he provided, or the information Plata obtained. But Plata could only make a reasonable decision based on the information available to it at the time of each lending event. And as I've found above, the information Plata obtained didn't suggest these loans would be unaffordable for Mr M.

While Mr M did appear to have some difficulties in making payments to loan two in late 2019 and early 2020, these missed payments appear to have been caught up promptly. Mr M also appears to have had a payment break for six months in mid-2020, likely due to the COVID pandemic; and that these deferred payments were made at the end of the loan term. The information I have therefore does suggest Plata provided Mr M with support and forbearance through spells of financial difficulties.

So, taking all the above into account I don't consider Plata has acted unfairly in the details of Mr M's complaint, and it therefore follows it doesn't need to take any further action in resolution of the complaint.

#### **My final decision**

For the reasons set out above I'm not upholding Mr M's complaint about Plata Finance Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 16 April 2025.

Richard Turner  
**Ombudsman**