

## The complaint

Miss A complains that Zopa Bank Limited (“Zopa”) gave her a hire purchase agreement where the interest rate that has been applied to the agreement is too high given that Miss A says she has “...good credit...”.

## What happened

In May 2024, Zopa provided Miss A with a hire purchase agreement for a used car through an intermediary. The cash price for the vehicle was £13,198 and a £1,000 deposit was paid so £12,198 was financed. If Miss A is to repay the agreement in line with the terms and conditions, including the deposit she would repay a total of £17,684.72. Miss A is due to make 60 monthly repayments of £278.08 and the agreement has an interest rate of 13.9%. This information was taken from Miss A’s credit agreement.

The statement of account provided by Zopa that shows up to November 2024 payments have been made as expected.

Miss A made her complaint by email on 18 July 2024, whereby she complained about the interest rate she was given was too high and the agreement had been mis-sold because a fair interest rate wasn’t given.

Zopa considered Miss A’s complaint and wrote to her on 29 July 2024 and explained it provided the interest rate that her personal situation warranted. Zopa also confirmed it wasn’t able to manually amend the rate and Miss A was under no obligation to accept what Zopa had offered. Unhappy with this response Miss A referred her complaint to the Financial Ombudsman.

Miss A’s complaint was considered by an investigator and he didn’t uphold it. He said that Zopa carried out some checks before it lent, and this included asking about Miss A’s income and doing a credit search – although the results were undated. But the investigator was satisfied that Miss A knew she wasn’t getting an interest rate of 9.9%, she didn’t need to accept the quote from Zopa and she didn’t withdraw from the agreement within 14 days. Miss A disagreed with the investigator’s outcome saying;

- She provided a link to a news article about car finance commission.
- Miss A didn’t provide an electronic signature until two days after taking possession of the car.
- The interest rate given was unfair as she ought to have been given 9.9% and when she wasn’t she had no choice but to accept the new rate.
- The interest rate was too high given her credit score.
- Miss A says there was a duty of care to explain the terms of the agreement.
- The investigator hadn’t considered whether there was a discretionary commission applied to the agreement.

These comments didn’t change the investigator’s assessment and so the complaint has been passed to me, for 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.

Firstly, this complaint only deals with the concerns that were raised by Miss A in her original email of complaint on 18 July 2024. So, any concerns that Miss A has about the finance being settled on the vehicle will need to be directed to either the dealership or Zopa as a new complaint.

The same goes for the point Miss A has raised about whether any commission may have been paid. If Miss A is unhappy with any commission that may or may not have been given to the dealership she will need to raise this directly with Zopa and give it the opportunity to investigate.

This means this decision doesn't deal with any outstanding finance or any possible commission payment. I appreciate this will disappoint Miss A but as these haven't been raised with the relevant businesses, it's not for me to make a finding on them without first giving the businesses an opportunity to address her concerns.

The crux of this complaint is that Miss A says the interest rate given to her by Zopa for her hire purchase agreement was and is too high and hasn't taken account of the fact she earns a good salary and doesn't have a mortgage.

Firstly, in the background section of this decision, I've set out some of the terms of the agreement such as how much was lent, what Miss A's monthly repayments are and the interest rate that the agreement has.

Miss A was given the vehicle and signed for the agreement and therefore she is bound by the terms. I can only assume, given that Miss A signed for the agreement, at least at the time, she appeared to be satisfied with the terms. And she didn't exercise her right to withdraw from the agreement within 14 days.

Miss A, from what she's told us was aware when she was in the dealership that the rate she was given wasn't the advertised rate of 9.9% because she says she questioned it at the time. This may well have happened, but ultimately, she's signed up to an agreement with an interest rate that as far as I can see has been charged. I've not seen anything to make me think Zopa hasn't applied the rate of interest it said it would.

But notwithstanding what I've said above about Miss A signing the agreement I can see the investigator made enquires with Zopa as to how and why Miss A received the rate that she did.

In this case Zopa says it uses an internal model to determine the interest rate as well as the information and data it received when it conducted a credit search on Miss A. I've seen the credit search results, so I'm satisfied one was conducted.

Zopa's system then provides a 'score' which is then translated into a credit risk and an interest rate. The system note provided by Zopa shows the interest rate generated for Miss A was 13.9% - and this was generated at around the same time that Zopa 'signed' the agreement – which I come onto explain below. So, I do think, based on the evidence that I have, Zopa applied the correct rate of interest to the agreement.

Like the investigator, I don't know whether or not Miss A took possession of the car before she had signed the agreement. I don't have enough to determine that. But what I can say is,

according to the credit agreement, Zopa signed it on 6 May 2024 at 11:45 and Miss A signed it later the same day at 11.59. So at least, based on the timings in the credit agreement, Zopa had already approved Miss A for the finance and had set out the terms of the agreement which she then went on to agree too.

Miss A in response to the investigator's view said there was a duty to explain the agreement but she hasn't said specially what wasn't explained to her – and if she's referring to the interest rate I've already explained above why I don't think Zopa made a mistake with how it calculated the rate of interest.

Overall, I do not uphold Miss A's complaint about the interest rate that was given to her by Zopa. But I also want to be clear that this decision makes no finding on either whether the outstanding finance on the car was settled and or whether commission was or wasn't paid by Zopa.

I've also considered whether the relationship might have been unfair under s.140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I don't think Zopa treated her unfairly in relation to this matter. I haven't seen anything to suggest that Section 140A would, given the facts of this complaint, lead to a different outcome here.

### **My final decision**

For the reasons I've outlined above, I am not upholding Miss A's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss A to accept or reject my decision before 3 April 2025.

Robert Walker  
**Ombudsman**