

The complaint

Miss S is unhappy that Plata Finance Limited trading as Zopa (at the time Zopa Limited) ('Zopa') unfairly reported a default to her credit file in respect of her personal loan.

Miss S wants Zopa to remove the default marker from her credit file as it's affecting her ability to buy a car.

What happened

Due to the Covid-19 pandemic Zopa said Miss S could take a six month break from making repayments to her personal loan between March 2020 and September 2020, but she'd have to pay these missed payments in the future. Zopa said they wouldn't report any negative information to the Credit Reference Agencies ('CRAs') about this during the arrangement.

In October 2020 Zopa agreed Miss S could make reduced payments of £100 per month, which Miss S paid in October 2020 and November 2020.

In March 2021 Zopa issued a default notice due to accruing arrears, but Miss S didn't pay the required sums to avoid her loan defaulting. Zopa subsequently reported the default to the CRAs. In May 2023, Miss S settled her loan balance with Zopa.

Miss S recently tried to purchase a car using finance and found out about the default Zopa were reporting to her credit file. She complained to Zopa that this was unfair, but Zopa said the default was correctly applied.

Miss S referred her complaint to the Financial Ombudsman Service but our investigator concluded that Zopa had acted fairly in these circumstances. Miss S didn't agree, so the matter has come 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.

I've taken into account any relevant law and regulations, the regulator's rules, guidance and standards, codes of practice and (where appropriate) what is considered to have been good industry practice at the relevant time.

I know this will be a disappointment to Miss S, but having considered everything I have reached the same conclusion as our investigator not to uphold her complaint. I'll explain why, though my reasons are broadly the same as our investigator's.

At the heart of this complaint is Miss S's genuine concern that she wasn't treated fairly during the Covid-19 pandemic which affected her self-employment as a nail technician. She's pointed out that Zopa's help didn't extend to the end of lockdown in June 2021, and that she'd not been able to go back to work at the time her six-month arrangement ended.

The Financial Conduct Authority ('FCA') issued guidance to firms about how they should help eligible customers affected by the Covid-19 pandemic. The FCA expected Zopa to give Miss S a break from paying up to six monthly payments between 20 March 2020 and 31 July 2021. The FCA reminded firms of their obligation to treat their customers fairly.

Zopa gave Miss S a six month break from paying her loan between 23 March 2020 and 23 September 2020. Zopa sent a letter clearly saying that they wouldn't report anything negative to Miss S's credit file about this during the arrangement. This is line with what I would expect, given the FCA's guidance.

When the arrangement ended Zopa and Miss S came to a new arrangement that she'd pay £100 per month instead of the full monthly payment. I think this was fair in the circumstances, given Miss S was unable to resume her full payment at that time.

When Miss S stopped paying the £100 Zopa wrote to her about her arrears and asked Miss S to contact them. They referred Miss S to independent sources of help and advice regarding money matters, which was good industry practice. No further arrangement was made with Zopa, and arrears continued to accrue.

The Information Commissioner's Office ('ICO') sets out guiding principles for businesses reporting arrears, arrangements and defaults. This sets out that by the time an account is at least three months in arrears, and normally by the time an account is six months in arrears, it's generally expected that a default will be registered with the Credit Reference Agencies.

Zopa sent a default notice once Miss S was four months in arrears and, due to non-payment, defaulted her account. I think this was in line with what Zopa's terms and conditions set out, and in line with the ICO's guidance.

I am satisfied that Zopa complied with their regulatory obligations here although I sympathise that this was of limited help to Miss S in her particular circumstances. I acknowledge the Covid-19 pandemic presented genuine and serious difficulties for the self-employed and that Miss S had a good record of payment with Zopa until the pandemic started.

I don't doubt the default feels unfair to Miss S given this was triggered by a situation entirely outside of her control. However, I am looking at whether Zopa treated her unfairly in these circumstances, rather than whether the situation itself was unfair, and I haven't seen enough to say that they have.

I realise this will not be what Miss S was hoping for, but that means that I won't ask Zopa to take any action on this occasion, and I don't uphold Miss S's complaint.

My final decision

For the reasons I've outlined, my final decision is that I don't uphold this complaint.

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

Clare Burgess-Cade
Ombudsman