

Complaint

Mrs K has complained about a credit card Zopa Bank Limited ("Zopa") provided to her. She says credit card was irresponsibly provided as it was unaffordable for her.

Background

Zopa provided Mrs K with a credit card with a limit of £1,000.00 in March 2022. The limit on the credit card was never increased.

One of our investigators reviewed what Mrs K and Zopa had told us. And she thought Zopa hadn't done anything wrong or treated Mrs K unfairly in relation to providing the credit card. So she didn't recommend that Mrs K's complaint be upheld.

Mrs K disagreed and asked for an ombudsman to look at the complaint.

My findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

We've explained how we handle complaints about unaffordable and irresponsible lending on our website. And I've used this approach to help me decide Mrs K's complaint.

Having carefully considered everything, I've decided not to uphold Mrs K's complaint. I'll explain why in a little more detail.

Zopa needed to make sure it didn't lend irresponsibly. In practice, what this means is Zopa needed to carry out proportionate checks to be able to understand whether Mrs K could afford to repay any credit it provided.

Our website sets out what we typically think about when deciding whether a lender's checks were proportionate. Generally, we think it's reasonable for a lender's checks to be less thorough – in terms of how much information it gathers and what it does to verify it – in the early stages of a lending relationship.

But we might think it needed to do more if, for example, a borrower's income was low or the amount lent was high. And the longer the lending relationship goes on, the greater the risk of it becoming unsustainable and the borrower experiencing financial difficulty. So we'd expect a lender to be able to show that it didn't continue to lend to a customer irresponsibly.

Zopa says it initially agreed to Mrs K's application after it obtained information on her income as well as her monthly living costs and also carried out a credit search on her. And the information obtained indicated that Mrs K would be able to make the monthly repayment that could be due on this credit card. On the other hand, Mrs K says that she shouldn't have been lent to as she was in a poor financial position.

I've considered what the parties have said.

What's important to note is that Mrs K was provided with a revolving credit facility rather than a loan. This means that Zopa was required to understand whether a credit limit of £1,000.00 could be repaid within a reasonable period of time, rather than all in one go. And a credit limit of £1,000.00 didn't require especially large monthly payments in order to clear the full amount that could be owed within a reasonable period of time.

I've seen records of the information Zopa obtained from Mrs K about her income and what was on the credit search carried out. Zopa says that Mrs K declared a salary of around £46,000.00 a year and that she paid rent of £700 a month. Zopa's credit check did indicate that Mrs K had had previous difficulties with credit in the form of defaulted accounts. However, these appeared to be historic and the credit search also showed that Mrs K had a relatively low amount of active credit.

In these circumstances, I don't think that Mrs K's previous difficulties mean that she shouldn't have been lent to in the way that she suggests. Ultimately, it was up to Zopa to decide whether it wished to accept the credit risk of taking on Mrs K as a customer provided it was reasonably entitled to believe that the credit was affordable and it reasonably mitigated the risk of harm to her going forward.

For the sake of completeness, I would also add that it's also not even immediately apparent to me that even more checks, which at the absolute maximum would have consisted of finding out more about Mrs K's living expenses rather than relying on estimates of this, would, in any event, have led to Zopa making a different decision.

I say this because I've not seen anything which clearly demonstrates that Mrs K's monthly committed living costs were substantially higher than the combination of declared information and statistical data which Zopa used. Equally, there is nothing else that has been provided to me which shows me that had Zopa obtained these actual living costs, it would more likely than not have learned that the monthly payments that could be due on this card were more likely than not unaffordable for Mrs K.

In reaching my conclusions, I've also considered whether the lending relationship between Zopa and Mrs K might have been unfair to Mrs K under section 140A of the Consumer Credit Act 1974 ("CCA").

However, for the reasons I've explained, I've not been persuaded that Zopa irresponsibly lent to Mrs K or otherwise treated her unfairly in relation to this matter. And I haven't seen anything to suggest that section 140A CCA or anything else would, given the facts of this complaint, lead to a different outcome here. So I'm not upholding this complaint.

Overall and having considered everything, while I can understand Mrs K's sentiments and I'm sorry to hear about her situation, I don't think that Zopa treated Mrs K unfairly or unreasonably. So I'm not upholding this complaint. I appreciate this will be very disappointing for Mrs K. But I hope she'll understand the reasons for my decision and that she'll at least feel her concerns have been listened to.

My final decision

For the reasons I've explained, I'm not upholding Mrs K's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs K to accept or reject my decision before 7 July 2025.

Jeshen Narayanan
Ombudsman