

## **The complaint**

Mr L complains that Zopa Bank Limited, lent to him irresponsibly when they provided him with a personal loan.

## **What happened**

Mr L applied for a personal loan with Zopa Bank. His application was approved, and in October 2023, he was provided with a loan of £4,000, repayable over 48 months. The purpose of the loan was debt consolidation.

In early 2025, Mr L complained. In summary, he said Zopa had irresponsibly lent to him and that sufficient checks – to ensure his affordability status – hadn't been undertaken

Zopa didn't uphold the complaint. They said, in summary, that they had carried out checks proportionate to the amount being lent; those checks hadn't revealed any concerns, and on that basis, the loan had been provided. So, they were satisfied they had lent responsibly.

Mr L disagreed; he still thought Zopa were wrong to have lent to him, so he referred his complaint to this Service for independent review.

An Investigator here considered what had happened; having done so, he didn't think Zopa had done anything wrong. In short, the Investigator said:

- The checks carried out by Zopa were proportionate in the circumstances.
- The information gathered as a result of those checks wouldn't have given Zopa any cause for concern. And there was nothing that would have suggested to Zopa that Mr L was struggling financially, and/or wouldn't be able to afford the repayments towards the loan.
- Any financial struggles, which did materialise for Mr L later, wouldn't have been apparent to Zopa at the time they provided Mr L with the loan.
- Overall, with that in mind, Zopa hadn't acted unfairly or unreasonably in providing Mr L with this loan.

Mr L disagreed; he maintained he'd been irresponsibly lent to and said that Zopa had failed to carry out proportionate checks.

So, as no agreement has been reached by the parties, Mr L's complaint has now 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.

Having done so, while this will no doubt disappoint Mr L, I agree with the findings of our Investigator and for broadly the same reasons. I'll explain why.

The rules and regulations in place at the time Mr L was provided with the loan, required Zopa to carry out a reasonable and proportionate assessment. That's to determine whether he could afford to repay what he owed in a sustainable manner. This practice is sometimes referred to as an 'affordability assessment' or 'affordability check'.

The checks had to be borrower focussed; that is, relevant to Mr L. So, Zopa had to think about whether repaying the loan sustainably would cause him difficulties, or other adverse consequences. In other words, Zopa had to consider the impact of any repayments on Mr L.

Checks also had to be 'proportionate' to the specific circumstances of the lending. In general, what constitutes a proportionate affordability check will be dependent on a number of factors including – but not limited to – the particular circumstances of the consumer (e.g: their financial history, current situation and outlook, any indications of vulnerability or financial difficulty) and the amount/type/cost of credit they were seeking. I've kept all of this in mind when thinking about whether Zopa did what they needed to before agreeing to lend to Mr L.

Here, before agreeing to lend, Zopa checked data recorded with Credit Reference Agencies ("CRAs"); and it relied upon information provided by Mr L in his application. I've been provided the results of Zopa's checks and, in my view, the data they gathered didn't suggest that there was any real cause for concern.

Rather, information obtained from CRAs didn't show any recent defaults or County Court Judgments ("CCJs"), nor was Mr L subject to an Individual Voluntary Arrangement ("IVA").

Zopa recorded Mr L's income at £43,000 annually, based on his declaration, which they then validated using credit reference agency data. This would have equated to a monthly income of around £2,740. And, from the credit check they completed, they noted that Mr L's total monthly credit commitments equated to around £915, when taking into account fixed credit repayments and using a 5% monthly contribution towards his credit card balances. In addition, they noted that Mr L was a homeowner and that he'd declared a £450 monthly commitment towards his mortgage balance each month.

Zopa also took further steps to calculate Mr L's outgoings, using data they obtained from the 'Office of National Statistics' (ONS). From this, they estimated Mr L's non-discretionary spending - for items such as food, clothing and utilities - at £725 each month. Having carried out these calculations, Zopa concluded that Mr L had sufficient disposable income to maintain the £107 monthly repayments due towards the loan.

Having looked at the above figures and the data Zopa relied upon, it seems, that even when deducting all of Mr L's outstanding credit commitments (some of which were due to be settled from the proceeds of this loan), along with his mortgage costs and estimated living expenses, from the income he declared, it seems Mr L would have still had in the region of £650 in disposable income each month, which could be used to repay this loan.

And, while I've taken into account, that Mr L's overall credit commitments in relation to his annual income were high, it doesn't appear that these monthly commitments were spread across numerous items of credit. Instead, over 90% of his total monthly credit payments were paid towards just one loan and a hire purchase agreement. I've also noted that Mr L

showed no sign of having any repayment difficulties on his existing credit commitments. So, I don't think, based on the information Zopa saw, that their checks needed to go further.

So, based on the information they obtained, and given the amount, and purpose of the further borrowing Mr L was taking out; as well as being satisfied that Zopa carried out proportionate checks, I also think it was reasonable for Zopa, based on the results of those checks, to conclude that the loan in question would have been affordable for Mr L. And I've seen nothing to suggest to Zopa, that Mr L wasn't in a position to be able to repay this loan sustainably.

So, while I am sorry to disappoint Mr L; I know this won't be the outcome that he's hoping for, it's for the reasons I've explained that I don't think Zopa acted unfairly or unreasonably when they provided him with this Loan. Therefore, I won't be asking them to do anything further.

Finally, I've also considered whether the relationship might have been unfair under Section 140A (S140A) of the Consumer Credit Act 1974. However, for the reasons I've already given, I don't think Zopa lent irresponsibly to Mr L or otherwise treated him unfairly in relation to this matter. I haven't seen anything to suggest that S140A would, given the facts of this complaint, lead to a different outcome here.

### **My final decision**

My final decision is that I do not uphold Mr L's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 19 November 2025.

Brad McIlquham  
**Ombudsman**