

The complaint

Mr L, through his representative, complains that Plata Finance Limited trading as Zopa lent to him more than once when he could not afford to repay the loans.

What happened

Mr L took three loans. The table below gives a few details. Zopa has said that he took three earlier loans. But Mr L has not complained about those.

Loan	Approved	Amount	Terms (rounded)	Repaid
1	26 March 2019	£1,000 +£100 fee	60 months at £24/month	Repaid early 7 October 2019
2	7 October 2019	£8,000 +£330 fee	48 months at £222/month	Repaid early 18 February 2020
3	25 February 2020	£1,000 + £50 fee	60 months at £30/month	Defaulted April 2022

Zopa has said that Loan 1 and 2 were being repaid satisfactorily and without issue. Loan 3 was more problematic for Mr L from June 2020 which would have been during the Covid 19 pandemic. It defaulted in April 2022.

After Mr L had complained, he received a final response letter and then his complaint was referred to the Financial Ombudsman Service.

One of our investigators consider that Zopa had carried out proportionate checks and Mr L could afford the loans. Mr L's representative said that Mr L had taken other loans just before loans 2 and 3 and therefore had escalating other debt, and he had partially used his overdraft in early 2020. The unresolved complaint was 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 explained how we handle complaints about irresponsible and unaffordable lending on our website. And I've used this approach to help me decide Mr L's complaint. Having carefully thought about everything I've been provided with, I'm not upholding Mr L's complaint. I'd like to explain why in a little more detail.

Zopa needed to make sure that it didn't lend irresponsibly. In practice, what this means is that it needed to carry out proportionate checks to be able to understand whether any lending was sustainable for Mr L before providing it.

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 that information – 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, the amount lent was high, or the information the lender had – such as a significantly impaired credit history – suggested the lender needed to know more about a prospective borrower's ability to repay.

Loan 1

Mr L's application to Zopa informed it that he was employed full time, he was a homeowner with a mortgage, he earned £36,500 before tax each year which translated into around £2,350 a month after tax. He needed the loan for home improvements. Mr L told Zopa his mortgage payment was £500 a month but the credit reference agency (CRA) check indicated his mortgage was £930. It checked this and would have seen that the mortgage was joint and hence the shared cost.

The CRA check showed he had around £12,240 of total unsecured debt (excluding mortgage). These were a mixture of loans and credit cards. Zopa calculated that he was paying around £414 a month to cover all those plus his mortgage. I've reviewed the credit check results. Mr L had no repayment issues, no delinquencies, defaults or insolvencies. No adverse data at all.

In the circumstances and with knowledge of Mr L's mortgage cost (shared), plus his address then the use of Office of National Statistics for other household and committed costs would have been fair, proportionate and easily obtained. The notes I have seen indicate that Zopa considered Mr L had disposable income of £1,451. Zopa would have seen that the repayments were affordable. I do not uphold the complaint about Loan 1.

Loan 2

From reviewing the Statement of Account (SOA) for Loan 1 it seems that the balance was paid off using some of the funds from Loan 2.

Mr L declared similar information when he applied for Loan 2. Mr L's gross salary had increased and that translated into around £2,885 per month. Mr L had remortgaged in April 2019 and on the CRA search the monthly cost had decreased to £756 a month which led to Zopa recognising he was paying less for his share of the mortgage - around £400.

Mr L had said to Zopa the loan was to consolidate debt and he does appear to have consolidated Loan 1 into Loan 2. Zopa carried out a CRA and I've reviewed the results. There was nothing there to cause any concern – no adverse data at all. Zopa calculated that his total cost each month to his credit commitments (excluding mortgage) was around £524.

In the circumstances and with knowledge of Mr L's reduced mortgage cost (shared), plus his address then the use of Office of National Statistics for other household and committed costs would have been fair, proportionate and easily obtained. The notes I have seen indicate that Zopa considered Mr L had disposable income of £2,005. Zopa would have seen that the repayments were affordable. I do not uphold the complaint.

Loan 3

For Loan 3, which was for a small loan of £1,000 and after good repayment histories for the previous loans, Zopa carried out much the same checks as before. I've seen the details and I've reviewed the CRA results. There was nothing to give cause for concern as there was no adverse data at all and Mr L was not overindebted.

I consider the checks Zopa carried out for Loan 3 proportionate and fair. I do not uphold the complaint.

I've considered the submissions from Mr L's representative and I disagree. I've seen the details obtained by Zopa for each of the loans and they were proportionate checks. I've also considered whether Zopa acted unfairly or unreasonably in any other way and whether the relationship might have been unfair under section 140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I don't think it lent irresponsibly to Mr L or

otherwise treated him 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

My final decision is that I do not uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 30 December 2025.

Rachael Williams
Ombudsman