DRN-5638118

The complaint

Mr M complains that Zopa Bank Limited ('Zopa') didn't agree to give him a 'payment holiday' when he couldn't afford the minimum repayments to a credit card. He thinks this is unfair and says that both the information he has had from Zopa in the past, and the regulator's information, suggest that this should be possible.

What happened

Mr M took out a credit card in February 2025. In March 2025 he contacted Zopa and said that he had an unexpectedly large bill, and so he was unable to pay the minimum card repayments and asked for a payment holiday because of this. However, when Zopa didn't agree to set up a payment holiday for him, he complained to Zopa.

Zopa has considered this complaint, but it has not upheld it. It said it does not offer a payment holiday in the way that Mr M wants it to. It says there are other options available to Mr M, such as reducing the amount he would repay, or a reduction in correspondence about the amount owed, but Mr M didn't want either of these options. Overall, it didn't think it had made any errors, and it didn't uphold the complaint. Unhappy with this, Mr M brought his complaint to the Financial Ombudsman Service.

One of our Investigators considered the complaint and didn't uphold it. She thought that Zopa had treated Mr M fairly when it offered to discuss reduced repayments, or a 'breathing space' which would mean less correspondence. Even though it didn't offer Mr M the option that he wanted.

Mr M didn't agree. He pointed out that Zopa's website said that reducing the repayments to zero could be an option, and that some information in the industry regulators handbook, the Financial Conduct Authority ('FCA') also supported that this was reasonable.

Our Investigator didn't change their opinion about the complaint, and as no agreement was reached, the complaint has been passed to me to issue 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.

Mr M started a credit card in February 2025. Only a short while later, he contacted Zopa in March 2025, and he said that he had received an unexpected bill, and he would be unable to pay the minimum amount due on the card that month. I've seen a copy of the chat transcript about this and where Mr M asked for a payment holiday.

Mr M was told that any payment that was lower than the minimum payment, would register as a missed payment. It also said the card would be disabled after two to three missed payments, it would be revoked after four missed payments and defaulted after six missed payments. Any payments that were made below the minimum amount would build up as arrears. All of this would be shared with a credit reference agency.

Zopa said that it could look at reducing the amount Mr M could pay as a temporary arrangement. But this would still build up arrears on his account and this would need to be repaid in the future. And this would also be reported to the credit reference agencies.

Alternatively, Zopa said it could offer a 'breathing space' arrangement, whereby it reduced the amount of contact Mr M received about the amount owed.

I've noted that Zopa's website says that it doesn't offer payment holidays. Whereas Mr M has provided some information from Zopa's correspondence which says:

> *'Where you have told us that you are experiencing financial difficulties and FCA guidance requires us so do so, we will reduced your minimum payment below the amount calculated in accordance with the above formula (including to zero) for as long as required by the FCA.*

And Mr M has also provided information from the FCA handbook that that says:

> *'… accepting no payments, reduced payments or token payments for a reasonable period of time from a customer who demonstrates that meeting the customers' existing debts would mean not being able to meet the customers priority debts or other essential living expenses; …'*

Mr M says these pieces of information show that he should have been offered a 'payment holiday'.

I think the crux of Mr M's complaint is that he feels that he was in financial difficulty and so Zopa should have allowed him to not make any repayment to the card. And I understand he would like this not to be reported on his credit file. And possibly that the missed amounts would not be added to his account as arrears, and no charges for missed payments or similar would be added to the account either.

But leaving aside the different terminology used, such as payment holidays and payment reductions, Zopa was right to inform Mr M that any payments or amounts below the minimum card repayment would be noted on his credit file. Zopa has very little discretion about this, and it does need to accurately report the payment status of the card. And it was also right to inform him that missed payments, or payments lower than the contractual minimum amount, would result in arrears. And that he would need to repay these in the future.

So, even if Zopa were to come to some kind of arrangement with Mr M about the repayments, this would likely affect his credit file. Mr M was unable to pay the card due to what looks to be a temporary change in his circumstances (a large bill). I don't think it would be unfair for a missed or reduced payment to be recorded for this reason, in fact recording this kind of information is what credit reference agencies set out to do. It is generally the case that payment holidays, and similar arrangements to pay, are also documented on a credit file. And it is fairly common practice that, when payment holidays are arranged, any arrears accrued in that time would still need to be repaid by the borrower, once the payment holiday comes to an end.

Because of this, I don't think that Zopa was acting wrongly when it applied interest or late payment fees to the amounts that Mr M is now in arrears by. These are part of the terms and conditions of the card that Mr M has agreed to.

So, I don't think Zopa was acting unfairly in the options that it gave to Mr M. And I don't think that it acted outside of the terms and conditions of the card, or outside of the industry regulations, that Mr M has drawn my attention to.

Because of these reasons, I'm not upholding this complaint.

The recent correspondence shows me that Mr M may now be in arrears and close to a default on the card. I would remind Zopa of its responsibilities to treat Mr M with forbearance if he is experiencing repayment difficulties.

And Mr M should bear in mind that it will likely be in his best interests to arrange to repay the amount he owes, including the arrears, with Zopa. To avoid further charges and further negative information on his credit file.

My final decision

I do not uphold this complaint, and I make no award.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 2 October 2025.

Andy Burlinson
Ombudsman