

## **The complaint**

Mr K complains that Zopa Bank Limited applied interest to his credit card daily. He's unhappy that the pending interest is deducted from his available credit before the statement is generated.

## **What happened**

Mr K opened a credit card account with Zopa in May 2024. The initial credit limit on the card was £1000.

Mr K is unhappy that the terms and conditions of the account aren't clear when it comes to interest. He says the terms and conditions say that interest will only be added to the account after the statement date of the full balance isn't paid. Mr K has noticed that pending interest was reducing his available credit before the monthly statement was generated. He's unhappy that this isn't set out in the agreement and says he's been disadvantaged because it impacts on the amount of available credit.

Mr K complained to Zopa. In its final response letter, Zopa said that interest was calculated on purchase transactions at the end of every day and that from the statement date until the payment due date, any interest calculated will be held as pending and not added to the account.

Mr K remained unhappy and brought his complaint to this service.

Our investigator didn't uphold the complaint. He said that Zopa had administered the account in line with the terms and conditions.

Mr K didn't agree so I've been asked to review the complaint.

## **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 know it will disappoint Mr K but I agree with the investigators opinion. I'll explain why.

I've reviewed the terms and conditions of the account. These state (under the heading "*How is interest calculated?*") that:

*"We calculate interest on purchase transactions at the end of every day based on your outstanding purchase balance"*

They also state (under the heading "*When is interest added to your account?*") that:

*"From your statement date until your payment due date, any interest calculated will be held as pending and not added to your account. On the day after your payment due date:*

*If you have not paid your statement balance in full by the payment due date, we will add the*

*pending interest to your account and interest will continue to be added to your account daily until the next statement date:*

*If you have paid your statement balance in full by the payment due date, we will not add any interest”*

I've reviewed the history of the account. Mr K hasn't been clearing the full statement balance by the due date, so the pending interest has been added to the account. Zopa has explained that interest charges are applied overnight based on the outstanding balance on the account, so the balance will be different the following morning. Zopa has also explained that the change in balance impacts on the available credit.

I appreciate that Mr K isn't happy that his available credit is impacted by his outstanding balance (including pending interest). He's said that the credit agreement doesn't make this clear.

Having reviewed everything, I agree that the terms and conditions don't specifically explain that pending interest will reduce the available credit on the account. However, I don't think Zopa has made an error or treated Mr K unfairly here. If the pending interest wasn't taken into account when calculating the available credit on a day to day basis, it's possible that Mr K might utilise all of the credit limit and the pending interest (once applied) would mean he'd exceed the credit limit, which could impact his credit file.

Taking all the available information into account, I'm unable to say that Zopa has made an error by administering the account in the way it has done. I won't be asking Zopa to do anything further.

### **My final decision**

My final decision is that I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 21 August 2025.

Emma Davy  
**Ombudsman**