

The complaint

Mr A complains that Zopa Bank Limited trading as Zopa was irresponsible in its lending to him.

Mr A is represented by a third party but for ease of reference I have referred to Mr A throughout this decision.

What happened

Mr A was provided with two loans by Zopa, the details of which are set out below.

Loan	Date	Amount	Term	Monthly repayments
1	May 2021	£15,000	60 months	£385.26
2	January 2022	£10,000	60 months	£252.96

Mr A said that adequate checks weren't undertaken before the loans were provided to ensure they would be affordable for him.

Zopa issued a final response to Mr A's complaint dated 3 June 2025. It said it carried out affordability and credit checks before the loans were given. It explained it used data from the credit reference agencies, information provided by Mr A in his application, any data held internally and data from third parties. It said that its checks showed the loans to be affordable for Mr A.

Mr A referred his complaint to this service.

Our investigator thought the checks carried out before Zopa issued the loans were reasonable and as these suggested the loans to be affordable for Mr A, she didn't uphold this complaint.

Mr A didn't accept our investigator's view. He said that he was significantly indebted at the time the second loan was provided. He said this should have raised alarms with Zopa.

As a resolution hasn't been agreed, this complaint has been passed to me, an ombudsman, 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.

Our general approach to complaints about unaffordable or irresponsible lending – including the key rules, guidance and good industry practice – is set out on our website.

The rules don't set out any specific checks which must be completed to assess creditworthiness. But while it is down to the firm to decide what specific checks it wishes to carry out, these should be reasonable and proportionate to the type and amount of credit being provided, the length of the term, the frequency and amount of the repayments, and the total cost of the credit.

Mr A was provided with two loans by Zopa. Before lending, Zopa gathered information about Mr A's employment, income, residential status and housing costs. Mr A declared that he was employed full time with an annual income of £57,000 (loan one) and £70,000 (loan two). His income was verified using a credit reference agency tool. Mr A said he was a homeowner with a mortgage, and his housing costs were £1,000 (loan one) and £1,190 (loan two). His mortgage payments were checked against his credit file. The purpose of the first loan was recorded as 'home improvements' and the second as 'consolidation'. Credit checks were undertaken which showed no recent adverse data.

As the credit checks didn't raise concerns that suggested Mr A was struggling to maintain his existing commitments at the time and his income was verified, I find the checks carried out before the loans were given were proportionate. However, just because I think the checks were proportionate, it doesn't necessarily mean that I think the loans should have been provided. To assess that I have considered the information received through the checks to see if this should have raised concerns.

Loan one: May 2021

Loan one was for £15,000 and required monthly repayments of around £385. Mr A declared an annual income which gave a calculated monthly net income of around £3,466. The credit check showed two active accounts - a mortgage with monthly repayments of £1,577 and a secured loan from a mortgage supplier with monthly repayments of £797. Both of these appeared to be in joint names and so on the basis of these costs being split, I do not find the declared mortgage costs were unreasonable. Mr A had no unsecured debts.

Based on the above, I do not find that I can say the checks raised concerns about Mr A's existing levels of debts or that he was struggling financially. As the loan repayments appeared affordable for him, I do not find I can say that Zopa was wrong to provide this loan.

Loan two: January 2022

As this was Mr A's second loan with Zopa, it had information available to it about how he had managed his previous loan. This showed that Mr A had maintained his repayments without issue and so I cannot say that his account management should have raised any concerns.

Loan two was for £10,000 with monthly repayments of around £253. Mr A said the loan was for consolidation, but it wasn't used to repay his previous Zopa loan. Mr A's credit check showed that as well as the Zopa loan he had outstanding balances of two hire purchase agreements and a credit card (as well as the mortgage and secured loan noted above). The total amounts due on the unsecured debts (including this second Zopa loan) totalled around £1,068. Mr A's declared income was £70,000 which gave a calculated net monthly income of around £4,107. Based on this I do not find I can say that Mr A was over indebted and as his credit file didn't raise concerns about how he was managing his commitments, and the loan was intended to consolidate some of his debts, I do not find I can say his credit situation was such that the loan shouldn't have been given.

Mr A declared housing costs of £1,190 which I do not find unreasonable based on his share of the mortgage and secured loan payments. Adding to this his payments for his credit commitments of around £1,068 would leave Mr A with a reasonable amount of income (after

the Zopa loan repayments) to cover his general living costs. Therefore, I do not find I can say the information received suggested the loan was unaffordable.

So, for the reasons set out above, I do not find that Zopa was wrong to provide these loans.

I've also considered whether Zopa acted unfairly or unreasonably in some other way given what Mr A has complained about, including whether its relationship with Mr A 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 Zopa lent irresponsibly to Mr A 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 this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 7 November 2025.

Jane Archer
Ombudsman