

The complaint

Mr E complains that it was irresponsible for Zopa Bank Limited to have lent to him.

What happened

Mr E applied to Zopa Bank for a loan in January 2024. His application was accepted and he entered into a fixed sum loan agreement with Zopa Bank for a loan of £10,000 which, he agreed to repay by 48 monthly payments of £323.24. Mr E complained to Zopa Bank in March 2025 and said that it shouldn't have made the loan to him. It said that it was confident from the affordability assessment made before the loan account was opened, and its review of Mr E's complaint, that its decision to open the account was appropriate and affordable for him.

Mr E wasn't satisfied with its response so complained to this service. His complaint was looked at by one of this service's investigator's who didn't think that Zopa Bank needed to take any action. Mr E provided further information about his complaint and the investigator, having considered everything, didn't recommend that his complaint should be upheld. He was satisfied that Zopa Bank conducted reasonable and proportionate checks at the time of application and made a fair lending decision based on a comprehensive assessment of Mr E's financial situation and credit history.

Mr E didn't accept the investigator's recommendation and has asked for his complaint to be considered by an ombudsman. He says, in summary and among other things, that:

- Zopa Bank assessed affordability on gross, not net, income and its calculation of his salary was £285 higher than it was;
- given the large size and lengthy duration of the loan, together with his existing credit commitments, which included two loans and three credit cards all near their limits, Zopa Bank should have performed a far more thorough examination of his financial circumstances, including his deteriorating fiscal situation in late 2023 and early 2024;
- Zopa Bank should have explored his monthly outgoings in far greater detail and should have probed further as to what debts he was going to consolidate with the loan; and
- he had hefty indebtedness at the time of the application with three credit card debts and two loans, totalling around £39,000 with combined monthly minimum payments of £1,460, his monthly mortgage payment was £1,520 and the monthly loan repayment of £323.24 meant that 79% of his monthly income was spent on credit commitments, which is a completely unsustainable level of borrowing, especially as he has a young dependent.

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.

Zopa Bank says that Mr E applied for a loan and declared an annual income of £78,000, which it calculated would give him a monthly net income of £4,455.96. It says that it validated Mr E's income using credit reference agency data and could see other debt commitments recorded on his credit file, including £6,527 of credit card debt and £20,429 of other unsecured borrowing. It says that Mr E had said that the purpose of the loan was to consolidate his debts. It says that Mr E had declared housing costs of £1,520.00 each month and it estimated other non-discretionary expenditure based on Office for National Statistics data. It says that it believed that Mr E should have had enough remaining income available to afford repayments for the level of credit it offered within a reasonable period.

Zopa Bank was required to make reasonable and proportionate checks to ensure that any lending to Mr E was sustainably affordable for him before any loan was made to him. Mr E had declared his income which Zopa Bank had validated, it had checked his credit file and used the information that it showed, together with Mr E's declared housing costs and Office for National Statistics' estimates of other non-discretionary expenditure. The loan was for £10,000 repayable by monthly payments of £323.24 over four years. I consider that the checks made by Zopa Bank were reasonable and proportionate for a loan of that amount and duration.

Mr E says that Zopa Bank should have performed a far more thorough examination of his financial circumstances, including his deteriorating fiscal situation in late 2023 and early 2024 and should have explored his monthly outgoings in far greater detail. I consider that it was fair and reasonable for Zopa Bank to have used the information that it had obtained from its search of Mr E's credit file, together with the information that Mr E had declared in his application, in its affordability assessment. Mr E had applied for the loan to consolidate his debts and I'm not persuaded that Zopa Bank was required to obtain more detailed information about Mr E's financial situation before lending to him.

Mr E says in his complaint form that he was making frequent and high risk sports spread betting transactions from his bank account and it only had a low balance. I don't consider that there was any requirement for Zopa Bank to obtain copies of Mr E's bank statements, so I don't consider that it's fair or reasonable to expect Zopa Bank to have been aware of any spending by Mr E on gambling.

Zopa Bank had calculated Mr E's monthly net income as £4,455.96 and monthly disposable income as £1,096.82. It says that he had no adverse payment history on his credit file at the time of the application, his debt to income ratio and disposable income were within acceptable limits and his loan application passed all of its credit and affordability checks, so the loan was approved.

Mr E says that Zopa Bank had calculated his income as £285 higher than it was and that, after the loan was made, 79% of his monthly income was spent on credit commitments. The loan was for debt consolidation so I consider that it would have been reasonable for Zopa Bank to have expected Mr E to have used the loan to consolidate his debts by, for example, repaying higher cost credit card debt so the amount that he spent on his existing credit commitments would decrease.

I consider that it was fair and reasonable for Zopa Bank to conclude, on the basis of the information that it had obtained from the reasonable and proportionate checks that it had made, that a loan of £10,000 with a monthly repayment of £323.24 was sustainably affordable for Mr E at the time that the loan was made to him. I've carefully considered all that Mr E has said and provided about his complaint, but I'm not persuaded that there's enough evidence to show that Zopa Bank lent to him irresponsibly.

It's clear that Mr E feels strongly that Zopa Bank lent to him irresponsibly so I appreciate that

my decision will be disappointing for him. Zopa Bank is required to report true and accurate information about the loan to the credit reference agencies. I've seen no evidence to show that the information that it has reported to the credit reference agencies isn't true and accurate. I find that it wouldn't be fair or reasonable in these circumstances for me to require Zopa Bank to remove any interest or charges from the loan, to amend any of the information about the loan that it's reported to the credit reference agencies, to pay any compensation to Mr E or to take any other action in response to his complaint.

My final decision

My decision is that I don't uphold Mr E's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E to accept or reject my decision before 17 November 2025.

Jarrold Hastings
Ombudsman