DRN-5690464

The complaint

Mr S complains that Zopa Bank Limited unfairly recorded a default on his credit file.

What happened

Mr S held a loan with Zopa; in March 2025 the account defaulted due to lack of repayment, and Zopa recorded that information with Credit Reference Agencies ("CRAs"). Around the same time, Mr S complained to Zopa. He said, in summary, that he'd been told his loan wouldn't default; Mr S had previously spoken with Zopa and made a large repayment, he'd also completed an income and expenditure assessment and says he was told that a repayment plan would stop a default.

Zopa didn't uphold Mr S' complaint. It said that Mr S' account had been at risk of default in 2024, but this had been avoided because he'd paid the required amount due at the time. Since then, however, Mr S had missed several more repayments and, ultimately, the account had defaulted again. Zopa said it had taken Mr S through its income and expenditure assessment process, but a repayment plan hadn't been agreed following that discussion. Zopa explained that it had tried to reach Mr S 11 times by phone to arrange a plan, but it hadn't ever succeeded in speaking with him.

Mr S didn't think he'd been treated fairly, so he referred his complaint to this Service for an independent review. An Investigator here looked at what had happened; they didn't think Mr S' complaint should be upheld. Our Investigator said, in short:

- Mr S had indeed avoided default in 2024 by repaying the amount due at the time.
- Since that point, nothing showed that further repayments had been made.
- An income and expenditure process had been completed, but no repayment plan had been agreed following it. Part of that was down to Zopa's agent not being clear about how one would be created – but Zopa had tried to contact Mr S, leaving multiple messages, without success. It had also previously told Mr S that he would need to contact it about setting up a repayment plan.
- Overall, Zopa hadn't acted unfairly by defaulting Mr S' loan; it hadn't received repayment and had taken appropriate action in the circumstances.

Mr S disagreed. He still considered the default to have been applied unfairly, and he asked for an Ombudsman's decision. As no agreement has been reached, Mr S' complaint has been 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.

Having done so, while this'll no doubt disappoint Mr S, I'm not going to uphold his complaint. From what I've seen, Mr S' account defaulted after successive missed payments. On the face of it, that's not unreasonable; Mr S has a duty to make his repayments and broadly here, from what I can see, he didn't do so.

Mr S made a large repayment of around £1,200 in 2024 to avoid default at that time; the information I have suggests that's just what happened, and Zopa didn't apply (or it reversed) any default marker at that point. Since then, it doesn't look as though Mr S made any other repayments – for his monthly contractual amount or otherwise. Consequently, he essentially went through the same process he'd not long before avoided: a new default notice was issued by Zopa in February 2025, a formal demand followed in March, and Mr S' account was formally defaulted at the same time.

I know Mr S says he made a repayment in August 2024, but I've seen no evidence of it in his Zopa account statements; in any case, a dispute over that one payment doesn't mean a default wouldn't have been the outcome regardless given the level of arrears which built up. I know too that Mr S says he was under the impression a default would be avoided because of a repayment plan. No repayment plan was ever agreed, though – and I think Mr S ought really to have known that. While he did indeed complete an income and expenditure assessment, sending this back to Zopa as required, the information I have available doesn't suggest any plan was formally agreed afterwards.

I'll say here that I agree with Zopa's view that its agent could've explained things more clearly – being explicit that Mr S needed to speak with it again and formally agree a plan, rather than just return his income and expenditure information. But in the round, I think it likely that Mr S would've known, or ought to have known, that nothing had been agreed and he wasn't making repayments. Zopa tried to contact him several times to discuss a plan, but it wasn't once successful in reaching him; and despite leaving messages for Mr S, he didn't contact it until raising this complaint – by which time his loan had defaulted.

In conclusion then, I'm not going to ask Zopa to remove the default it applied to Mr S' credit file. The fact is that he didn't meet his contractual repayments, he didn't arrange a repayment plan and nor did he pay the arrears due in March 2025 to avoid default a second time. Zopa has already paid Mr S £50 in compensation for the lack of clarity in one explanation, and I think that was an appropriate course of action to address that minor failing. So, I'm not going to require Zopa to take any further action here. It follows that I don't uphold Mr S' complaint.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 24 September 2025.

Simon Louth
Ombudsman