DRN-5698976

The complaint

Mrs S complains that Zopa Bank Limited calculated the remaining balance on her loan incorrectly, and that it failed to make reasonable adjustments when communicating with her.

What happened

I issued a provisional decision setting out what I thought about Mrs S' complaint. I've copied the relevant parts of that provisional decision below – and they form part of this final decision.

"In May 2020, Mrs S applied for a loan through Zopa. The loan was for £16,000 to be repaid over a period of 60 months – with monthly repayments of £337.86.

In 2024, Mrs S made a complaint about how Zopa had dealt with the loan. She said she'd been making her monthly payments in advance and making overpayments each month – so believed she should already have come close to paying the full amount. Zopa told Mrs S the loan would end after sixty months as outlined in the terms of the agreement. Mrs S disagreed, and said Zopa had failed to take her overpayments into account when calculating her remaining balance. She said it hadn't sent her annual statements, making it difficult for her to monitor the loan. She was also unhappy Zopa had failed to make reasonable adjustments when communicating with her as she'd previously requested – which amounted to discrimination under the Equality Act 2010. She said she didn't want to receive any further emails from Zopa.

Zopa didn't agree it had made an error in how it had calculated the loan balance. It said any overpayments Mrs S made were applied as a lump sum and reduced the amount due in the following month. It arranged to resend her most recent loan statement so she could see how her balance had been calculated. It said it had accommodated Mrs S' request for correspondence to be sent on coloured paper – but that the majority of its correspondence needed to be sent via email and through its app, as it's a digital bank. It didn't agree that it had treated Mrs S unfairly or discriminated against her.

The complaint was referred to this service. One of our Investigators considered the complaint and upheld it. They said that Mrs S had been paying £338 each month – which was roughly the contractual amount she was required to pay – so she hadn't made any significant overpayments. They said the way Zopa had communicated with her implied that she'd been making overpayments, and that it should have done more to explain to Mrs S how her payments were calculated. They recommended that Zopa pay Mrs S £250 to compensate her for the confusion caused.

Zopa accepted our Investigator's conclusions, but Mrs S didn't. She said Zopa had previously told her that her monthly payments were reduced to £290 – so she believed she'd been making overpayments by paying £338 each month. She said Zopa's handling of the situation had significantly impacted her and asked for compensation of at least £1,000. She asked for the complaint to be referred to an Ombudsman for a final decision. So, it's been passed to me to decide.

Our Investigator recently contacted both parties to inform them that in my provisional decision I intended to address Mrs S' concern that Zopa hadn't made reasonable adjustments for her.

What I've provisionally 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.

Both parties have provided a significant amount of evidence and testimony, all of which I've considered. In this decision I'll focus on what I consider to be the key points of the complaint. If I haven't commented on a specific point, this is because I don't believe it's affected what I think is a fair outcome – and not because I haven't considered it. I don't mean any discourtesy by this – it's simply in keeping with the informal nature of my role.

How Zopa calculated Mrs S' balance

I've reviewed the information provided by both parties regarding Mrs S' payments. I think it's clear there's been some confusion surrounding how much Mrs S was required to pay each month, and how her payments were allocated. Zopa says that any overpayments made on the account will result in a reduction in the amount due the following month.

Mrs S made the first payment under the loan earlier than she was contractually required to, and Zopa treated this as a lump sum payment. The circumstances surrounding that payment and several subsequent payments were the subject of a previous complaint already considered by this service – so I won't comment on it in detail. But at the time, Zopa told Mrs S that because she'd paid early, her next payment due would be £287.71.

I think there was some confusion here – as Mrs S believed that the amount she was required to pay each month for the remaining term of the loan was reduced. Instead, it appears Zopa had simply recalculated the payment due in June 2020 to take into account the payment Mrs S had already made. I haven't seen anything to suggest that the contractual amount due each month was permanently reduced or otherwise changed at any point. If Mrs S has any correspondence or other evidence to suggest she was told her contractual monthly payment had changed to £287.71 on an ongoing basis, she can provide that in response to this provisional decision.

So, I'm satisfied the contractual monthly payment on the loan was £337.86 as outlined in the loan agreement. Mrs S appears to have made two separate payments each month, which added to a total of £338 paid monthly. From the account statement, it seems one of the payments Mrs S made each month was treated as a 'lump sum' payment. It's not entirely clear how or why the payments were separated this way – but in any case, the amount Mrs S was paying each month was roughly in line with the total amount due – and I can't see that Mrs S made any significant overpayments.

Each month, Zopa sent Mrs S an email stating that it had received an "extra repayment" – which appears to be in connection with the second 'lump sum' payment it had taken. These emails didn't contain any specific details about how much Mrs S had overpaid or how those payments had impacted the loan.

I agree with our Investigator that Zopa ought to have done more to explain to Mrs S how it had calculated her balance. It's explanations both to Mrs S and this service haven't been clear, and I can understand why Mrs S was under the impression that she was making overpayments that could potentially bring forward the settlement of the loan. Mrs S has told Zopa on a number of occasions since – at the latest – January 2024 that she thought she *was making significant overpayments. In response, Zopa told Mrs S that any overpayments were accounted for in the following monthly payment. I don't think this explanation was sufficient in the circumstances – especially as it was clear Mrs S hadn't understood what it meant by this.*

So, while I don't conclude that Zopa made an error in how it calculated Mrs S' remaining balance, it ought to have done more to communicate with her about how her payments were applied to the loan. I think the way it allocated payments on the account – and the correspondence it sent Mrs S about those payments – caused avoidable confusion.

Zopa's communication with Mrs S

Mrs S says Zopa has failed to make the reasonable adjustments that she requires when corresponding with her. Specifically, she says she needs all correspondence to be sent in writing, with a specific font size and coloured background, due to disabilities that she lives with – and that correspondence not sent in this format is difficult for her to read. She says that by not ensuring all correspondence met her needs, Zopa acted in breach of the Equality Act 2010. I've taken the Equality Act 2010 into account when deciding this complaint – given that it's relevant law – but I've ultimately decided the complaint based on what's fair and reasonable.

I note that this service previously considered a complaint from Mrs S about a similar concern. At the time, one of our Investigators concluded that Zopa hadn't acted quickly enough to implement reasonable adjustments for Mrs S after she originally applied for the loan. They also reminded Zopa of its duty under the Equality Act 2010 to make reasonable adjustments. I've considered how Zopa communicated with Mrs S since then.

Zopa says it's able to send correspondence in the format Mrs S requires upon request. This includes any correspondence it sent in connection with Mrs S' complaint. In practice, this means that most of the correspondence it sends – including emails, account statements and correspondence issued through its app – hasn't been in the format that Mrs S requires. Zopa has explained that it's a digital bank, and not equipped to send correspondence in the way Mrs S requires on a regular basis. While I acknowledge this, Zopa also has a duty to make reasonable adjustments for Mrs S. I'm satisfied it had the ability to send correspondence in a way that meets Mrs S' needs – as it was able to do so when she asked it to.

Zopa has been aware of Mrs S' requirements since shortly after the loan was taken, and I don't find it fair or reasonable that she needed to specifically ask it to send correspondence in a format that met her needs every time it contacted her. Nor do I think it was reasonable that Zopa continued to send automated correspondence in a format that didn't meet Mrs S' needs after she'd specifically asked it not to.

Mrs S has said she doesn't want to receive any further contact from Zopa. Now that the loan has reached its term, it's unlikely that a significant amount of correspondence will be required going forward. But I'd encourage Zopa to send any future correspondence (if there is any) in a format that meets Mrs S' needs.

Mrs S also says Zopa failed to send her annual statements. It's not in dispute that there was a short delay in sending the 2024 statement. Zopa has provided records of the correspondence it's sent – but this only shows statements going back to 2023. It says that before that time, statements would've been made available to Mrs S through its app. As I've noted, Zopa isn't able to send correspondence through its app in the format that Mrs S required. So, while it may have issued statements, it doesn't appear to have done so in a way that made them easily accessible for Mrs S. But in any case, the statement issued by Zopa in 2024 contained the full payment history of the account, so I'm satisfied Mrs S has *now received all of the relevant information.*

Putting things right

For the reasons I've explained, I don't think Zopa treated Mrs S fairly. It ought to have done more to explain how her payments were allocated to the balance of her loan, and the communication it sent around this was unclear. I also don't think Zopa did enough to ensure it made reasonable adjustments for Mrs S while communicating with her.

Mrs S says she's been significantly impacted by Zopa's actions. Specifically, she says that writing lengthy correspondence has impacted her health, and that she'd had no choice but to put her disability at risk to pursue the complaint. I've considered this, but I haven't seen any evidence that Mrs S was required to put her concerns in writing to Zopa. Nor have I seen anything to suggest Zopa was made aware that writing correspondence was causing Mrs S difficulty to the extent she's described. I can also see that Mrs S discussed her concerns over the phone with Zopa on several occasions. So, while I don't doubt what Mrs S says about the impact writing lengthy correspondence has had on her – I can't fairly require Zopa to compensate her for this.

But I do think Zopa's handling of the situation has caused her considerable confusion and frustration over the course of several months, which could have been avoided had it been clearer from the start. And it's clear that receiving correspondence that didn't meet her needs caused further distress and frustration – especially as she'd raised concerns about this previously. And she was further inconvenienced by having to repeatedly ask Zopa to send correspondence in a format that met her needs.

Taking all of the circumstances into account, I intend to require Zopa to pay Mrs S £350 to recognise the distress and inconvenience it's caused. I appreciate my award is significantly less than Mrs S has requested – but I'm satisfied it fairly reflects how she's been impacted by Zopa's errors taking her comments into account."

Responses to my provisional decision

Zopa said it accepted my provisional decision, and didn't have anything further to add. Mrs S provided some further comments in response to my provisional decision. In summary, she said:

- Given the length of time that's passed, she would need to search through years of paperwork to find where she was told that her payments had reduced to £290.
- This service has previously found that Zopa made errors and provided inaccurate information when dealing with her loan.
- She made numerous phone calls to Zopa, and it often sent documents in the wrong format.
- Zopa has caused her five years of stress and high blood pressure. This also caused her hair loss over the years, which she's paid to have addressed.
- She previously asked Zopa to put things in writing for her, and made it clear that she would not use its messaging portal.

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'd like to thank both Mrs S and Zopa for responding to my provisional decision. I've considered Mrs S' further comments. Having done so, I've reached the same overall conclusions on her complaint, for the same reasons.

I appreciate it would be difficult for Mrs S to find evidence that she was told her contractual payments were reduced – given the amount of correspondence she's received about her loan over the years. But based on the evidence I've seen and for the reasons I've explained, I'm satisfied that – while Zopa may have asked her to pay less in individual months – her contractual monthly payment throughout the loan was £337.86.

I note Mrs S' comments in respect to her previous complaint with this service. As this service has already reached a final decision on that complaint, I'm not able to comment on it further. But I've taken on board her wider point about previous errors made by Zopa.

I also note Mrs S' comments about the way in which Zopa communicated with her. I've already agreed that Zopa ought to have done more to ensure its correspondence met her needs – so I don't think there's any need for me to comment further on this.

I was very sorry to hear that Mrs S has experienced high blood pressure and hair loss over the years. For me to hold Zopa responsible for this, I'd need to be satisfied that the impact she describes was solely and directly because of its actions – and I haven't seen evidence to persuade me of this. While I don't doubt that Zopa caused Mrs S some stress, based on the information she's provided I can't fairly hold it responsible for her high blood pressure or hair treatments.

My final decision

For the reasons I've explained, my final decision is that I uphold Mrs S' complaint. I require Zopa Bank Limited to pay Mrs S £350 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S to accept or reject my decision before 19 August 2025.

Stephen Billings
Ombudsman