

The complaint

Mr F complains that Zopa Bank Limited ('Zopa') gave him misleading information before he committed to a loan with them.

Mr F wants Zopa to waive the early repayment charge and some of the interest payments for his loan.

What happened

Mr F complained to Zopa that when he'd asked for a settlement figure this included a lot of interest and an early repayment charge ('ERC') he wasn't expecting. He said Zopa had informed him interest wasn't front loaded, and that penalties didn't apply to early repayment.

Zopa accepted Mr F had been misadvised and offered compensation of £75. Unhappy with this, Mr F referred his complaint to the Financial Ombudsman Service.

Our investigator concluded it would be a fair resolution if Zopa waived 50% of the ERC when Mr F came to repay his loan, instead of paying Mr F £75. Zopa accepted this proposal, though they didn't agree wholly with our investigator's findings.

Mr F sought an ombudsman's decision, as he thought it would be fair for the whole of the ERC to be waived. Mr F also wanted Zopa to waive some interest as he'd not settled his loan whilst waiting for this matter to be resolved.

My provisional decision

I recently sent the parties my provisional decision, saying:

"I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I've taken into account any relevant law and regulations, the regulator's rules, guidance and standards, codes of practice and (where appropriate) what is considered to have been good industry practice at the relevant time.

Having reviewed this matter I have come to a different conclusion to our investigator about how to fairly resolve this complaint. I intend to say that Zopa should pay Mr F the sum of £175 for his distress and inconvenience, but I don't propose that Zopa do more than this. I'll explain why.

Mr F said he'd received clarification about the interest and ERC from Zopa before committing to his loan. But I'm minded to say that Mr F had already entered his loan agreement when he spoke with Zopa on 15 October 2024 so had already agreed to the ERC and interest. I say this because Mr F's agreement states it was signed electronically at 9.47am, and his call with Zopa was at 10.38am.

Zopa also sent Mr F an email at 10.19am to confirm his loan was approved, saying:

“Settling your loan early

If you took out your loan after 7 September 2022 you’ll be subject to an early repayment charge if you pay off your loan before the end of its term...”

Mr F was therefore in receipt of the terms and conditions and the email before he spoke with Zopa and could reasonably have identified the interest was front loaded and that an ERC applied. Or, he could reasonably have questioned why the information he was being given on the phone differed to what he had been sent.

Mr F said he preferred to talk with someone rather than go through paperwork, which I understand. But I’m minded to say it was Mr F’s responsibility to ensure he understood and accepted the terms and conditions of the loan before signing the agreement.

As Mr F spoke with Zopa after he’d signed his agreement, I don’t think I can fairly conclude that Zopa’s misinformation induced him to take out the loan.

I’ve considered whether Zopa’s misinformation materially influenced whether Mr F cancelled his agreement within the 14-day cooling off period. On balance, I’m not minded to say Zopa’s misinformation prevented Mr F from exercising his cancellation rights because Mr F was in receipt of two written documents which contained correct information.

It’s clear Mr F hasn’t been treated fairly by Zopa here, but I’m not minded to say this should be put right by treating Zopa’s misinformation as being true. I don’t intend to interfere with the ERC which Mr F had agreed to before he spoke to Zopa.

In the circumstances, I intend to say Zopa should pay Mr F £175 to recognise the distress and inconvenience this matter has caused him. I think this fairly reflects Mr F’s disappointment that he’d been misadvised and the effort he’s made to clarify the position and resolve this matter.

I acknowledge Mr F was hoping some interest might be waived by Zopa as he’s not made his early repayment during this complaints process, in case he could avoid the ERC. Mr F was at liberty to pay all or part of his loan early to limit his exposure to interest. I’m sorry to disappoint Mr F but I’m not minded to say it’s fair to require Zopa to waive interest that is contractually due on the outstanding balance in these circumstances.”

Responses to my provisional decision

I gave both parties the opportunity to respond to my provisional decision with any more comments or evidence they’d like me to consider.

Zopa accepted my provisional decision that they pay compensation to Mr F. Mr F didn’t reply with anything further for me to consider.

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 I’m satisfied that the resolution I proposed in my provisional decision, set out above with reasoning, is a fair way to resolve Mr F’s complaint. I adopt my provisional decision as my final decision.

Putting things right

Zopa Bank Limited must pay Mr F £175 in total for his distress and inconvenience. So if £75

has been paid already, a further £100 should be paid.

My final decision

For the reasons I've set out, my final decision is that Zopa Bank Limited should put things right as I've outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 25 August 2025.

Clare Burgess-Cade
Ombudsman