

The complaint

Ms Y doesn't believe that Zopa Bank Limited acted fairly when she'd rejected a car they'd supplied to her under a hire purchase agreement.

What happened

In June 2024, Ms Y was supplied with a used electric car through a hire purchase agreement with Zopa. She paid an advance payment of £2,300 and the agreement was for £5,400 over 60 months; with monthly payments of £121.39. At the time of supply, the car was over seven years old and had done 41,816 miles (according to the agreement).

Ms Y wasn't happy with the car, as it had an ongoing battery fault that hadn't been repaired, despite several attempts by the dealership. She instructed a solicitor to act for her and, on 20 November 2024, a Letter Before Action was sent to the dealership. Ms Y was asking for a full refund for the car, which would allow her to settle the agreement with Zopa; a full refund of the payments she'd made; a full refund of the deposit she'd paid; and £5,886.88 for additional expenses she'd incurred.

The Consumer Rights Act 2015 ('CRA') says, amongst other things, that the car should've been of a satisfactory quality when supplied. Where the car wasn't of a satisfactory quality, the CRA also allows for a single chance of repair. And, if this repair is unsuccessful, then the consumer has the right of rejection.

As the dealership had already tried to fix the car, and this was unsuccessful, the dealership accepted rejection of the car under the CRA. As such, they advised Zopa, who unwound the agreement. Ms Y wasn't happy that Zopa did this without her specific authority, and felt they'd breached the Financial Conduct Authorities (FCA's) Principles for Business.

Ms Y complained to Zopa in December 2024 and February 2025. Zopa responded on 17 April 2025, saying they didn't think they'd done anything wrong by unwinding the agreement. However, they said they hadn't dealt with her complaint as they should have and apologised for this. Ms Y wasn't happy with this response, and she brought her complaint to the Financial Ombudsman Service for investigation.

Our investigator didn't think Zopa had acted unfairly or that Zopa had breached the FCA's Principles for Business. So, they didn't think Zopa needed to do anything more.

Ms Y didn't agree with the investigator's opinion. She said that she never authorised the unwinding of the agreement, and she felt that her authority should've been obtained before Zopa acted. Ms Y said that she lost out because the car she part-exchanged was never returned to her, that she incurred additional expenses because the car supplied wasn't fit for purpose, and she incurred legal costs in a process she believes was deliberately protracted.

Ms Y also said that Zopa hadn't provided copies of documents she requested, and she didn't think it was fair to separate the dealership's and the credit broker's actions from those of Zopa as they are intertwined. So, Ms Y asked that this matter be passed to an ombudsman 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, I've reached the same overall conclusions as the investigator, and for broadly the same reasons. If I haven't commented on any specific point, it's because I don't believe it's affected what I think is the right outcome. Where evidence has been incomplete or contradictory, I've reached my view on the balance of probabilities – what I think is most likely to have happened given the available evidence and wider circumstances.

In considering this complaint I've had regard to the relevant law and regulations; any regulator's rules, guidance and standards, codes of practice, and (if appropriate) what I consider was good industry practice at the time. Ms Y was supplied with a car under a hire purchase agreement. This is a regulated consumer credit agreement which means we're able to investigate complaints about it.

Before I explain why I've reached my decision, I think it's extremely important for me to set out exactly what I've been able to consider here. I note Ms Y has complained about how Zopa handled her complaint, and she feels they are holding back documentation they have when she's asked to see it. But complaint handling is an unregulated activity and falls outside of our service's jurisdiction to consider. So, the way Zopa handled Ms Y's complaint hasn't been considered as part of my decision.

With regards to Zopa not providing Ms Y with copies of documentation she's requested, the provision of relevant documentation under data protection regulations is something that falls under the Information Commissioners Office ('ICO'). As such, I think this is something that's best dealt with by the ICO, and I also won't address this within my decision.

Turning to the request that I also consider the actions of the dealership and the credit broker; I've taken into consideration section 56 of the Consumer Credit Act 1974. This states that any negotiations conducted by the credit broker or supplier of goods are deemed to be conducted in the capacity of an agent of the creditor, in this case Zopa. However, this only applies to the supply of goods. The actions taken by the dealership and credit broker in allowing rejection of the car aren't done in the capacity of an agent of Zopa. As such, Zopa aren't liable for these. So, my decision will consider the actions of Zopa only.

Finally, Ms Y took legal advice at the outset of this matter. As the supplier of goods, the CRA also held Zopa responsible for the quality of goods supplied, and Ms Y had the option to complain directly to Zopa about this and, if she remained dissatisfied by their response, to bring the matter to this service free of charge. However, after taking the legal advice, Ms Y chose to pursue the dealership instead, via a Letter Before Action.

While I appreciate that Ms Y was having issues with the car, from what I've seen these issues were not so complicated that professional legal advice was necessary. As such, I'm satisfied that it was Ms Y's choice to employ a solicitor to act for her, not a requirement. In doing so, she took the risk of not being able to recover her fees from the other side and would therefore become liable for them herself – something I'm assuming was made clear to her by her legal advisor at the outset. Therefore, and while I appreciate that Ms Y may not agree with me, I won't be asking Zopa to cover her legal costs.

As I've said, Ms Y pursued her complaint against the dealership by way of a Letter Before Action. This was sent on 20 November 2024 and was resolved by a settlement agreement dated 18 February 2025. I don't consider this timescale to be unnecessarily protracted, and

I've noted that Zopa weren't part of the agreement. What's more, I haven't seen anything to show me that Zopa caused any unnecessary delays within this legal process.

However, where Zopa were involved was as the legal owner of the car supplied to Ms Y. This was made clear to Ms Y in the agreement she signed, and the declaration that was signed clearly stated *"the Vehicle will not become your property until you have paid everything under this agreement."* As such, when, as part of the agreement made with the dealership, Ms Y returned the car to them, the dealership were legally obliged to advise Zopa and, when the dealership sent the settlement amount to Zopa, Zopa were legally required to end the agreement – Zopa weren't able to keep the settlement money and keep the agreement active, as doing so would mean that Ms Y was still liable to make payments under the agreement. So, doing this would be patently unfair to Ms Y.

What's more, Zopa didn't need Ms Y's explicit consent to unwind the agreement. By returning the car to the dealership with a request to reject it, Ms Y was giving implied consent that, upon acceptance of her request, the agreement would be settled.

Turning now to Ms Y's comments about her losses. The Letter Before Action stated what Ms Y wanted to settle her claim – a refund of the deposit she paid, a refund of the payments she'd made to Zopa, and a payment for her additional expenses. However, the settlement agreement was only for a refund of the deposit and for the rejection of the car (with the implied unwind of the agreement). And I've noted this was in full and final settlement of Ms Y's claims.

As I've already said, Ms Y was taking legal advice, and I'm presuming that this also included advice on the settlement agreement. If Ms Y wasn't happy with the terms of this agreement, then she was always able to walk away and pursue her complaint by other means i.e., by a complaint to the Financial Ombudsman Service. However, by choosing not to do this, Ms Y chose to accept that she wasn't recovering the out of pocket expenses she was claiming for, nor was she recovering her legal costs.

As Zopa were not party to this agreement, and as they've acted fairly and reasonably by unwinding the agreement when the car had been rejected in December 2024, I don't think it's now fair to ask them to cover the costs Ms Y agreed not to include within the settlement agreement which, as I've said, was in full and final settlement of her complaint about the quality of the car supplied to her.

Therefore, for the reasons given, I won't be asking Zopa to do anything more.

My final decision

For the reasons explained, I don't uphold Ms Y's complaint about Zopa Bank Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms Y to accept or reject my decision before 27 November 2025.

Andrew Burford
Ombudsman