

The complaint

Miss F complains that Zopa Bank Limited lent irresponsibly when it approved her credit card application.

What happened

Miss F applied for a Zopa credit card in November 2022. In her application, Miss F said she was employed with an annual income of £33,000 that Zopa calculated left her with £2,184 a month net. A credit search found Miss F had around £640 of other credit card debt across three accounts. No County Court Judgements, defaults, missed payments or other adverse credit was noted on Miss F's credit file. Zopa says Miss F was making monthly repayments totalling around £32 to her credit cards.

Zopa carried out an affordability assessment using Miss F's declared rent of £1,000 and an estimate of her general living expenses of £725 a month. Zopa also included Miss F's existing repayments. Zopa says Miss F had a disposable income of around £427 a month after covering her existing outgoings. Zopa approved Miss F's application and issued a credit card with a £500 limit.

In the summer of 2024 Zopa says Miss F made contact to explain she was having difficulties maintaining repayments for her credit card. More recently, Miss F complained that Zopa lent irresponsibly. Miss F said she was party to an IVA at the time of her application, that she was a single parent caring for a disabled child and that she was experiencing mental health difficulties when she applied to Zopa for a new credit card. Miss F asked Zopa to refund all interest, fees and charges applied to her account from the date of approval.

Zopa issued a final response and said it had carried out the relevant lending checks before approving Miss F's application and didn't agree it lent irresponsibly.

An investigator at this service looked at Miss F's complaint. They thought Zopa completed reasonable and proportionate checks before approving Miss F's application. The investigator said there was no evidence of an IVA on the credit file results Zopa obtained. Miss F asked to appeal and said Zopa had failed to take her IVA into account which should've been found on her credit file. Miss F also explained she was suffering from mental health difficulties as the sole carer for her disabled child which meant she was particularly vulnerable when her application was made. Miss F added there was a pattern of borrowing and signs of financial distress that Zopa failed to take into account. As Miss F asked to appeal, her complaint has been passed to me to make a decision.

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.

Before agreeing to lend, the rules say Zopa had to complete reasonable and proportionate checks to ensure Miss F could afford to repay the debt in a sustainable way. These

affordability checks needed to be focused on the borrower's circumstances. The nature of what's considered reasonable and proportionate will vary depending on various factors like:

- The amount of credit;
- The total sum repayable and the size of regular repayments;
- The duration of the agreement;
- The costs of the credit; and
- The consumer's individual circumstances.

That means there's no set list of checks a lender must complete. But lenders are required to consider the above points when deciding what's reasonable and proportionate. Lenders may choose to verify a borrower's income or obtain a more detailed picture of their circumstances by reviewing bank statements for example. More information about how we consider irresponsible lending complaints can be found on our website.

I've set out the information that Zopa obtained when considering Miss F's application above. Miss F confirmed her income at £33,000 and Zopa used a net monthly figure of £2,184. Miss F confirmed her rent was £1,000 a month and that was factored into Zopa's lending assessment which appears reasonable to me.

I know Miss F's told us she was party to an IVA at the time of her application but the credit file information obtained by Zopa didn't show that. Their credit file showed Miss F had three open credit cards, the oldest of which dated to April 2019, and also had a bank account and communications account. No arrears were noted on any of Miss F's commitments. In addition, Miss F had a low level of other debt overall. Across three other credit cards, Miss F owed a total of £640. I haven't seen anything on Miss F's credit file results that would've indicated to Zopa she was already overcommitted or struggling financially.

Zopa completed an affordability assessment using Miss F's monthly income of £2,184, rent of £1,000, general living expenses of £725 and credit repayments of £32 a month. Zopa reached the position Miss F had a disposable income of £427 a month. In my view, that was a reasonable conclusion to reach based on the information Zopa obtained. I'm satisfied a disposable income of £427 a month would've been sufficient to sustainably afford repayments to a new credit card with a limit of £500. In my view, Zopa carried out reasonable and proportionate checks before approving Miss F's application. And I'm satisfied the decision to approve Miss F's application was reasonable based on the information Zopa obtained.

In response to the investigator, Miss F explained she was suffering with mental health difficulties as the sole carer for her disabled child when she made her Zopa application. I don't doubt what Miss F's told us and understand she was going through particularly difficult time. But I need to consider whether Miss F's vulnerabilities were either made known to Zopa or apparent from the information it obtained. I haven't seen anything that would've indicated to Zopa Miss F was vulnerable at the point of application or that its lending checks needed to go further.

Miss F also told our investigator that Zopa's decision to approve her credit card application failed to take into account a pattern of borrowing and signs of financial stress. But, as noted above, Miss F's credit file showed a relatively low level of unsecured debt and didn't contain signs she was overcommitted or borrowing at an unsustainable rate.

I've considered whether the business acted unfairly or unreasonably in any other way including whether the relationship might have been unfair under Section 140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I don't think Zopa lent irresponsibly to Miss F or otherwise treated her unfairly. I haven't seen anything to

suggest that Section 140A or anything else would, given the facts of this complaint, lead to a different outcome here.

For the reasons I've given above, I'm satisfied Zopa completed reasonable and proportionate checks and haven't been persuaded it lent irresponsibly to Miss F. As a result, I'm unable to uphold Miss F's complaint.

My final decision

My decision is that I don't uphold Miss F's complaint.

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

Marco Manente
Ombudsman