

## **Complaint**

Mr S has complained about a credit card Zopa Bank Limited (“Zopa”) provided to him.

He says that he shouldn’t have been given the credit card and that it was irresponsibly provided to him.

## **Background**

In October 2023, Zopa provided Mr S with a credit card which had a limit of £1,200.00. Mr S wasn’t provided with any credit limit increases.

One of our investigators reviewed what Mr S and Zopa had told us. And he thought Zopa hadn’t done anything wrong or treated Mr S unfairly in relation to providing the credit card.

So he didn’t recommend that Mr S’ complaint be upheld. Mr S disagreed and asked for an ombudsman to look at the complaint.

## **My findings**

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

Having carefully considered everything, I’ve decided not to uphold Mr S’ complaint. I’ll explain why in a little more detail.

We’ve explained how we handle complaints about unaffordable and irresponsible lending on our website. And I’ve used this approach to help me decide Mr S’ complaint.

Zopa needed to make sure it didn’t lend irresponsibly. In practice, what this means is Zopa needed to carry out proportionate checks to be able to understand whether Mr S could afford to repay any credit it provided.

Our website sets out what we typically think about when deciding whether a lender’s checks were proportionate. Generally, we don’t think that it is necessarily unreasonable for a lender’s checks to be less detailed – in terms of how much information it gathers and what it does to verify it – in the early stages of a lending relationship.

But we might think it needed to do more if, for example, a borrower’s income was low or the amount lent was high. And the longer the lending relationship goes on, the greater the risk of it becoming unsustainable and the borrower experiencing financial difficulty. So we’d expect a lender to be able to show that it didn’t continue to lend to a customer irresponsibly.

Zopa says it agreed to Mr S’ application after it obtained information on his income and carried out a credit search. And the information obtained indicated that Mr S would be able to make the relatively low monthly repayment required to clear the balance that could be owed within a reasonable period of time. On the other hand, Mr S says that he shouldn’t have been lent to under any circumstances.

I've considered what the parties have said.

What's important to note is that Mr S was provided with a revolving credit facility rather than a loan. And this means that Zopa was required to understand whether a credit limit of £1,200.00 could be repaid within a reasonable period of time, rather than in one go. A credit limit of £1,200.00 didn't require especially large monthly payments in order to clear the full amount that could be owed within a reasonable period of time.

I've seen the information Zopa obtained from Mr S about his income and what was on the credit search carried out. Zopa says that Mr S declared a salary of £45,000.00 a year and that he had housing costs of £1,000.00 a month. I've seen that Zopa's credit search showed that Mr S had defaulted accounts recorded against him. In the main, the defaults appear to have occurred in the period leading up to the pandemic.

Given how long it had been since they occurred, I don't think that these defaulted accounts in themselves meant that Mr S shouldn't have been lent to. In my view, it meant that Zopa needed to take more caution which it did do by offering a relatively low initial limit. The amount initially being lent here, the fact that Mr S would have a 0% interest rate on balance transfers and the credit searches Zopa carried out not showing that Mr S shouldn't be lent to in any circumstances in the way he suggests, leaves me persuaded that Zopa did not need to further verify what was in the information it had before lending.

For the sake of completeness, I would also add that it's also not even immediately apparent to me that even more checks, which at the absolute maximum would have consisted of finding out more about Mr S' living expenses rather than relying on estimates of this, would, in any event, have led to Zopa making a different decision.

I say this because the information Mr S has provided doesn't show me that his non-credit related committed expenditure was significantly higher than the estimates that Zopa relied on. In these circumstances, I don't think that Zopa finding out more about Mr S' living expenses would, in any event, have resulted in it determining that Mr S would be unable to make the monthly payment he could have had to make as a result of using the credit available to him on this card.

I accept that the real reason Mr S might have found it difficult to make his payments to this credit card isn't due to his existing credit commitments or his living expenses. I've also noted what he's said about his gambling. It's fair to say that this is apparent when the statements for the multiple bank accounts Mr S has provided are considered. It's also possible – but by no means certain – that Zopa might have taken a different decision had it seen these bank statements at the time.

But what I need to think about here is what Zopa is likely to have known if it had carried out proportionate checks, not what it would have known if it had reviewed Mr S' bank statements. In other words, what was Mr S paying to his credit commitments and his regular living expenses.

Bearing in mind checking bank statements wasn't the only way for Zopa to have found out more about Mr S' actual living costs – it could have obtained copies of bills or other evidence of payment etc – I don't think that proportionate checks would have extended into obtaining the bank statements provided.

So while I sympathise with any difficulty Mr S may have had, nonetheless I don't think that Zopa could reasonably be expected to have known about the nature and extent of Mr S' gambling at the time.

In reaching my conclusions, I've also considered whether the lending relationship between Zopa and Mr S might have been unfair to Mr S under s140A of the Consumer Credit Act 1974 ("CCA").

However, for the reasons I've explained, I've not been persuaded that Zopa irresponsibly lent to Mr S or otherwise treated him unfairly in relation to this matter. And I haven't seen anything to suggest that s140A CCA or anything else would, given the facts of this complaint, lead to a different outcome here.

Overall and having considered everything I don't think that Zopa treated Mr S unfairly or unreasonably in approving his credit card application. I appreciate this will be very disappointing for Mr S. But I hope he'll understand the reasons for my decision and that he'll at least feel his concerns have been listened to.

### **My final decision**

For the reasons I've explained, I'm not upholding 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 29 September 2025.

Jeshen Narayanan  
**Ombudsman**