

## **The complaint**

Miss M complains that Zopa Bank Limited have irresponsibly lent to her.

Miss M is represented by a claims management company in bringing this complaint. But for ease of reading, I'll refer to any submission and comments they have made as being made by Miss M herself.

## **What happened**

Miss M was approved for a Zopa credit card in May 2022 with a £1,000 credit limit. Miss M says Zopa irresponsibly lent to her. Miss M made a complaint to Zopa, who did not uphold her complaint. Zopa said they believed their lending decision was appropriate and proportionate for her. Miss M brought her complaint to our service.

Our investigator did not uphold Miss M's complaint. He said Zopa's checks were proportionate, and they made a fair lending decision. Miss M asked for an ombudsman to review her complaint. She made a number of points. In summary, she said she had £12,000 worth of active unsecured debt, she had exceeded her credit limit six times, she had three cash advances, and she had four late payments in the previous three months (with seven in the previous six months).

## **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 approve the credit available to Miss M, Zopa needed to make proportionate checks to determine whether the credit was affordable and sustainable for her. There's no prescribed list of checks a lender should make. But the kind of things I expect lenders to consider include - but are not limited to: the type and amount of credit, the borrower's income and credit history, the amount and frequency of repayments, as well as the consumer's personal circumstances. I've listed below what checks Zopa have done and whether I'm persuaded these checks were proportionate.

I've looked at what checks Zopa said they did when initially approving Miss M's application. Zopa said they looked at information provided by a Credit Reference Agency (CRA) and information that Miss M had provided before approving her application.

Miss M declared a gross annual income of £27,000. The CRA did report Miss M had previously defaulted on credit agreements in the past, with the last default being registered in 2018.

It may help to explain here that, while information like a default on someone's credit file may often mean they're not granted further credit – they don't automatically mean that a lender won't offer borrowing. So I've looked at what Zopa's other checks showed to see if they made a fair lending decision here.

I've considered what Miss M has said about the multiple late payments. The CRA Zopa used shows no late payments on any of her active accounts in the last six months. While I don't doubt what Miss M has told us, it is proportionate for Zopa to rely on the information they are given by a CRA. Different lenders sometimes do not report account activity to all of the available CRA's. So I cannot hold Zopa responsible for this if this is what happened here. Ultimately, none of Miss M's active accounts were showing as being in arrears in the six months prior to the lending.

The CRA didn't provide Zopa with any information regarding cash advances, or historical exceeding of Miss M's credit limits. At the time of the checks, the CRA reported that Miss M was within all of her credit limits on her various active accounts. So I can't reasonably say that Zopa would be aware of any previous exceeding of the credit limits or if she had taken cash advances from her existing credit cards.

Miss M had active unsecured debt being reported from the CRA of £11,795 (and £2,351 owed to a communications supplier). The CRA reported the monthly repayments for Miss M's fixed repayments.

Zopa completed an affordability assessment for Miss M, using information she had provided (such as her income, and her mortgage repayment). They also used information from a CRA (credit commitments), and modelling (which is an industry standard way of estimating expenditure). The affordability assessment showed that Miss M would have sufficient disposable income in order to be able to meet repayments for a £1,000 credit limit.

Based on there being no recent adverse information reported to Zopa by the CRA's, I'm satisfied that it wouldn't have been proportionate here for Zopa to verify Miss M's expenditure by requesting her bank statements to analyse. I'm persuaded that it was proportionate for the reasons I've given for them to use modelling to do so on this occasion.

So I'm persuaded that Zopa's checks were proportionate, and they made a fair lending decision to approve Miss M's application, and to provide her with a £1,000 credit limit.

I've also considered whether the relationship might have been unfair under s.140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I can't conclude that Zopa lent irresponsibly to Miss M or otherwise treated her unfairly in relation to this matter. I haven't seen anything to suggest that Section 140A would, given the facts of this complaint, lead to a different outcome here.

### **My final decision**

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M to accept or reject my decision before 29 October 2025.

Gregory Sloanes  
**Ombudsman**