

The complaint

Mr M complains that an error with Zopa Bank Limited's app meant that he missed a payment. Mr M is unhappy with the service he received when trying to resolve the issue.

Mr M wants Zopa to amend his credit file and pay additional compensation.

What happened

Mr M says that a fault with Zopa's app meant that it incorrectly displayed a missed payment on his loan account. Mr M says that he was then prevented from making additional payments. Despite explaining this and providing screenshots, Mr M is unhappy that Zopa could not see any issue at its' end.

Mr M paid Zopa over £400 in March 2025 to try and minimise the impact on his credit file. He says this derailed his finances for the month, leaving him reliant on help from relatives.

Mr M is unhappy with the support he received when trying to resolve the issue. He was passed to three different agents over a 40-minute chat and had to keep repeating himself.

Mr M says he has found the experience stressful and wants Zopa to compensate him for the money he manually paid in March 2025 together with the upset caused. Mr M wants Zopa to make sure that it doesn't report any missed or late payments on his credit file.

Our investigator didn't uphold Mr M's complaint. He explained that the contractual repayment date is the 29th of each month, or the next working day. So, when Mr M made a payment on 28 February 2025, Zopa treated this as a lump sum payment which then didn't count towards his contractual monthly payment.

Our investigator didn't agree that problems with the app prevented Mr M from making a payment, as he could have done this via bank transfer. Our investigator thought Zopa's payment of £30 for the poor service Mr M experienced during the chat was fair.

Mr M disagreed with the investigation outcome. He said he is still having problems with Zopa's app and its online portal. Mr M said that the technical issues have led to two missed payments on an otherwise impeccable credit file.

Mr M was unhappy that our investigator had decided the problems were down to customer error rather than Zopa's own technical failings. Mr M pointed to recent scandals involving failed IT systems in support of his argument that systems are fallible.

Mr M said he felt let down and unsupported by both our service and Zopa.

Our investigator recommended that Mr M contact Zopa if he was still having problems with the app. But he didn't agree that the issues with the app prevented Mr M from making the required payments through other means.

As the complaint remained unresolved, it came to me to decide.

After considering the complaint, I issued a provisional decision on 25 July 2025 which upheld the complaint and said:

I realise that I have summarised this complaint in less detail than the parties and have done so in my own words. The rules which govern us, together with the informal nature of our service, allow me to do this.

Having considered Mr M's complaint, I have reached a different conclusion to our investigator and will explain why. I should first say however that this doesn't mean I think that Zopa made a mistake with its' app when it showed a missed payment. Rather that it should not have treated the payment Mr M made on 28 February 2025 as a lump sum payment, thereby leading it to record a missed payment in March 2025.

I accept that section 7 of Mr M's loan agreement says:

"If you make an additional payment before or after we collect your regular Repayment by direct debit (other than a Replacement Payment under condition 2.6), we will treat this payment as a lump sum payment against your loan and you will still have to make any remaining scheduled Repayments under the loan..."

However, my understanding is that Zopa doesn't collect Mr M's monthly repayment by direct debit. Instead, Mr M makes a manual payment each month - as is his choice. It makes sense that if a customer pays by direct debit and makes a manual payment, Zopa would treat the manual payment as a lump sum payment. But this was not the case with Mr M. So, I am not persuaded that Zopa should have treated the payment which Mr M made on 28 February 2025 as a lump sum payment.

Even if I were wrong about the interpretation of section 7, the loan agreement is silent about what should happen if the repayment date doesn't fall in a particular calendar month. Although Zopa says that Mr M should have made the payment due on 29 February 2025 the next working day – 1 March 2025 - this isn't stipulated in the loan agreement. As far as I can see, it makes no mention of what should happen if the repayment date doesn't appear in a particular month. Instead, the loan agreement says that "Prompt payment is essential" and that "Missing payments could have severe consequences....".

Taking the fact that the loan agreement is silent on what happens when the repayment date doesn't appear in a particular month, together with the emphasis on not missing a repayment, I think it was reasonable for Mr M to make his usual monthly repayment on 28 February 2025 rather than 1 March 2025. The fact that the amount he paid on 28 February 2025 matched his usual monthly repayment, should have made it clear to Zopa that it was not a lump sum payment. Instead, Mr M made the payment on 28 February 2025 so that he didn't miss his repayment date, thereby avoiding the severe consequences of not paying promptly.

I have thought about the fact that Mr M could have contacted Zopa sooner than he did to find out what was happening and before making the manual payment in March 2025. But I don't think this detracts from the fact that Zopa should have treated the payment he made on 28 February 2025 as the monthly repayment due on the 29th of each month, rather than a lump sum payment. I can also see that when Mr M contacted Zopa in mid-March 2025, it failed to explain the reason for the missed payment during the chat. So, it's difficult to say that earlier contact by Mr M would have changed things.

According to the transaction information supplied by Zopa, it recorded a payment of £429.16 twice in March 2025. First as an adjusted payment on 1 March 2025 with a status of "FailDone" and then as a replacement payment on 18 March 2025 with a status of "Paid". Zopa then received a regular payment of £494.43 on 29 March 2025, followed by a lump sum payment of £5.57 the next day.

For the reasons outlined above, I don't consider it was necessary for Mr M to have made the replacement payment in March 2025 as Zopa should have treated the payment made on 28 February 2025 as his regular repayment. So, as part of putting things right, I think Zopa should – if Mr M requests this when responding to my provisional decision – refund the payment he made of £429.16 together with interest at 8% from the date he made the payment to the date he receives the refund. If by doing this, it will change Mr M's monthly repayment sum, Zopa should let him know.

I appreciate Mr M found the experience of trying to resolve the issue stressful, particularly when he had to keep repeating himself during the online chat. As I am upholding his complaint, I think it fair to require Zopa to pay additional compensation to reflect the upset caused. Taking account of the guidance on our website, I think a total award of £150 fairly reflects the inconvenience and upset caused to Mr M. This takes into account the £30 already paid to Mr M, so if he accepts my provisional decision Zopa would need to pay him a further £120.

Finally, Mr M says he is still having problems with Zopa's app. I am sorry to hear this but Mr M would first need to raise his concerns with Zopa before coming back to us if he remains unhappy with the outcome.

I then set out what steps Zopa should take to put things right.

Further submissions

Mr M accepts my provisional decision but doesn't want Zopa to refund the payment he made in March 2025 of £429.16. Mr M says he is still experiencing problems with Zopa's website and app. He says that Zopa also ignored several requests for payment statements until he submitted a data subject access request.

Zopa doesn't accept my proposed outcome. It says that any payment made prior to the payment date will always be treated as an overpayment. Zopa says the loan is set up with a direct debit for payment and that it was Mr M's choice to pay manually (although he paid by direct debit). Zopa says that as February has 28 days, it would have expected Mr M to pay on 1 March 2025.

Zopa points to the terms of the loan account and says that it states payments must be made on the due date. Any payments not made on the due date are considered overpayments, unless a replacement payment is expected. And that if paid after the due date it would be used to clear any arrears.

Zopa says it can't treat the February payment as a regular payment and refund the March payment, as it has already reworked Mr M's loan account. This means that if Zopa were to carry out my directions, it would put Mr M's account into immediate arrears.

Zopa doesn't agree that an increased award of compensation is fair as apart from the inconvenience caused during the long online chat in mid-March 2025, any other impact has been caused by Mr M.

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.

I'm grateful to Mr M for his acceptance of my provisional decision. I note the ongoing issues he has with Zopa but I cannot consider these as part of his current complaint. If Mr M remains unhappy with Zopa's handling of his statement requests and/or the glitches he encounters when trying to download statements, he would first have to raise these with Zopa.

I appreciate Zopa's position on this complaint. It maintains that as February has 28 days, it would have expected Mr M to pay on 1 March 2025. But for the reasons already outlined in my provisional decision, I don't consider this was a fair assumption to make, particularly as Zopa hasn't pointed to any clause in the loan agreement which specifies what a customer should do if a due date does not fall within a particular month.

I also think that in Mr M's case, it is relevant that his agreement with Zopa meant that he paid towards the end of each month – the 29th. If that date didn't fall within a particular month – as happened here – I don't consider it was unreasonable of Mr M to make the payment at the end of the month, rather than at the start of the next month. So, I remain of the view that Zopa should have treated the payment made on 28 February 2025 as a regular rather than replacement payment.

Although Zopa's systems may have automatically treated the payment made on 28 February 2025 as a replacement payment, I can't see how this would have prevented it from manually correcting the situation once Mr M made contact in March 2025.

I understand that Zopa can't now treat the lump sum payment made on 28 February 2025 as a regular payment, as it has already reworked Mr M's loan account based on the "overpayment" thereby reducing his monthly instalments. But I don't think this should mean that for the purpose of reporting to the credit reference agencies, Zopa cannot amend the information to show that there was not a missed payment. As Mr M has also confirmed he doesn't want Zopa to refund any money to him, I have amended my directions accordingly.

I take on board what Zopa says about Mr M causing the impact on him but I have not been persuaded that he acted unreasonably when he made the payment on 28 February rather than 1 March 2025. So, I can understand Mr M's confusion when Zopa's app told him that he had missed a payment. When Mr M contacted Zopa on 18 March 2025, nobody explained to him that by making the payment on 28 February 2025, rather than 1 March 2025, it had treated the payment as a replacement payment. This explanation doesn't look to have been relayed to Mr M until Zopa's final response of 30 March 2025 – by which time it seems unlikely that he could have acted to avoid a missed payment on his credit file. Taking Mr M's experience with Zopa as a whole, I still consider my proposed award of £150 is fair.

Putting things right

To put things right, Zopa Bank Limited should:

- Remove any negative information it has reported to the credit reference agencies about Mr M since February 2025; and
- Pay Mr M a total of £150 compensation from which it can deduct any sum already paid as compensation in this complaint.

My final decision

My final decision is that I uphold this complaint and require Zopa Bank Limited to put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 4 September 2025.

Gemma Bowen
Ombudsman