

The complaint

Mr T complains that Zopa Bank Limited (“Zopa”) defaulted his loan and recorded this on his credit file. He also complains that they sold the debt on to another company despite agreeing he could bring his account up to date.

What happened

In 2021, Mr T took out a loan with Zopa with a four-year term. Mr T was required to make monthly payments of £599.82.

Unfortunately, Mr T’s account fell into arrears. Zopa sent Mr T a default notice on 23 October 2023 which said he needed to repay arrears of £1,583.39, and that he needed to do this before 22 November 2023.

Zopa then sent Mr T a letter on 27 November 2023 in which they said they’d terminated the loan agreement because Mr T hadn’t repaid the arrears set out in the default notice. The letter set out Zopa’s formal demand for payment of the outstanding balance under the agreement, which was £13,732.59.

Zopa sold the loan to a third-party debt purchaser in February 2024.

Mr T complained to Zopa in April 2025. He said they defaulted the account and sold it despite him letting them know he would be bringing the account back up to date, which they accepted at the time. Mr T also said no-one was managing his account for around two to four months after he’d spoken with Zopa until he was then contacted by the debt purchaser who told him Zopa had sold the account to them.

Zopa didn’t uphold Mr T’s complaint. They said the responsibility for the account remained with them, and it was being managed by them, until February 2024 when they sold it to the debt purchaser. Zopa also said they’d sent multiple notices to Mr T about the status of the account before it was defaulted, and said they’d given him time to take action to avoid this.

Mr T remained unhappy and referred his complaint to our service. Our investigator didn’t recommend that it should be upheld. He felt Zopa were entitled to terminate the account and record a default on Mr T’s credit file. He also felt Zopa were entitled to sell the debt on and that he was satisfied the debt was being managed by them until that point.

Mr T didn’t agree with our investigator and so his complaint has been passed to me 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.

I’m considering here whether Zopa acted fairly in how they dealt with Mr T and the loan account he held with them.

Mr T says he recognised he had fallen into arrears on the loan, but Zopa agreed he could bring it back up to date. However, they defaulted the account and sold it on.

As I've set out in the previous section, Zopa sent Mr T a letter in October 2023 saying the account was in arrears of £1,583.39. It also said they would terminate the agreement and record a default with credit reference agencies, if the arrears weren't repaid by 22 November 2023. However, Mr T didn't repay those arrears, which is what prompted Zopa to terminate the agreement.

Mr T says he spoke with Zopa who agreed he could bring his account up to date. He feels Zopa failed to keep to this agreement because they then terminated the account and recorded a default with credit reference agencies. However, I don't agree with this.

I've looked at Zopa's account history notes, and this shows Mr T spoke to Zopa on 31 October 2023 (which was after Mr T received the default notice and before the deadline to repay the arrears had expired), asking Zopa how he could stop the default from going through. The notes set out that Mr T said to Zopa he would make a payment of around £576 and make a contractual payment and would then call in to set up a plan. This, I think, is what Mr T is referring to when he says Zopa agreed he could bring the account up to date and then reneged on this. However, the payment history for the account shows that, although Mr T made a payment of £576 on 12 November 2023, he didn't make the subsequent contractual payment. So, Mr T didn't repay the arrears shown in the default notice, or the contractual payment he had agreed to make on the call with Zopa. And the arrears had then increased by the time Zopa sent the termination letter to him.

I've also noted that Zopa has sent a screenshot showing an online conversation Mr T had with them on 8 December 2023, where he asked whether he could make extra repayments. Zopa said this was possible, although this seems to be a chatbot answer giving a general response about customer overpayments, rather than a specific response about Mr T's account. And, by this time, Zopa had already terminated the account.

With the above in mind, I haven't seen enough evidence to show me Zopa acted unreasonably in terminating the loan account and recording a default with credit reference agencies.

I've also considered Zopa's actions in selling the account to the debt purchaser. However, as the account had been terminated, and I haven't found Zopa acted unreasonably in doing that, I find that Zopa were entitled to sell the debt on. I appreciate Mr T feels he wasn't told this and didn't know who was managing the account between it being terminated and sold on, but I haven't seen that Zopa weren't managing the account at that time, or that Mr T was unable to make any payments to Zopa during this time.

I'm sorry to disappoint Mr T but having considered his complaint, I won't be upholding it for the reasons I've given above.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 18 December 2025.

Daniel Picken
Ombudsman