

## **The complaint**

Mr P complains that Zopa Bank Limited irresponsibly lent to him.

## **What happened**

Mr P was approved for a Zopa credit card in October 2022, with a £600 credit limit. Mr P says this was irresponsibly lent to him. Mr P made a complaint to Zopa, who did not uphold his complaint. Zopa said that Mr P should have had enough disposable income to afford repayments for the £600 credit limit. Mr P brought his complaint to our service.

Our investigator did not uphold Mr P's complaint. She said Zopa's checks were proportionate and the repayments for the credit limit should have been affordable for Mr P.

Mr P asked for an ombudsman to review his complaint. He made a number of points. In summary, he said Zopa breached Financial Conduct Authority (FCA) Consumer Credit Sourcebook (CONC) rules (and other FCA rules), and they didn't request payslips or bank statements. He said the figures Zopa used for his overdraft were inaccurate, and he had been overdrawn for a decade.

Mr P said he took out a payday loan 13 days prior to the Zopa credit card being approved, he believes a personal loan for £290.62 may have been missing from the affordability assessment, he had a number of returned direct debits, and he was a vulnerable customer.

## **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.

Firstly, I'm aware that I've only summarised Mr P's complaint points. And I'm not going to respond to every single point made by him. No discourtesy is intended by this. It simply reflects the informal nature of our service as a free alternative to the courts. If there's something I haven't mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual point to be able to reach what I think is a fair outcome.

Mr P has referenced several sections of the FCA Consumer Credit Sourcebook (CONC), and other FCA rules. I can confirm to him that these are things I consider in irresponsible lending complaints, but as a quick and informal alternative to the courts, it would not be proportionate to list all of the relevant sections I've considered as part of his complaint.

Before agreeing to approve the credit available to Mr P, Zopa needed to make proportionate checks to determine whether the credit was affordable and sustainable for him. 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.

The information showed that Mr P declared a gross annual income of £50,000. Although Mr P has said he never earned this amount, it's not clear why he would enter £50,000 as his gross annual income if he did not earn this. But they did make further checks as a Credit Reference Agency (CRA) reported to Zopa that the salary matched the data from the bank account. So it would not have been proportionate here for Zopa to have completed further checks regarding his income.

The CRA that Zopa used reported that Mr P had defaulted on an account in 2017. 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 other checks Zopa made to see if they made a fair lending decision.

The CRA reported that Mr P had no County Court Judgements (CCJ's), and he had no active accounts in arrears at the time of the checks. Mr P had no arrears on any active accounts in the 12 months prior to the application checks, so it didn't appear he had any recent financial difficulty.

The CRA informed Zopa that Mr P had unsecured debt of £27,703, so he would have had an unsecured active debt to declared gross annual income of around 55.4% The credit limit Zopa was approving was for £600, which would have been around 1.2% of Mr P's declared gross annual income. Mr P was showing as being within all of his credit limits at the time of the checks. There were some accounts he was showing as not using any of the credit limit, or only small amounts.

I've considered what Mr P has said about his overdraft usage, and the recent payday loan. As it can take 4-6 weeks typically for a credit file to update, then I wouldn't expect Zopa to have been aware if Mr P had opened a payday loan only 13 days earlier. And his overdraft balance could be different to what it actually was, as this would typically not be live information as it would usually only be reported once a month. The CRA did not report any returned direct debits, so as Mr P was not exceeding his arranged overdraft limit, I can't fairly say that Zopa should have been aware of any returned direct debits.

If there was a missing loan from the checks Zopa completed, I couldn't hold Zopa responsible for this. I say this because it would be proportionate for Zopa to rely on the evidence it has been provided by a CRA without further checks if there was no reason for them to believe there was missing information. It also could be that the lender for the loan did not report all of the account information to all of the available CRA's. So if this did happen, again, I couldn't hold Zopa responsible for this, and I wouldn't have reasonably expected them to believe there was any missing information.

Zopa completed an affordability assessment for Mr P. They used information that Mr P had provided, modelling to estimate Mr P's outgoings - which is an industry standard way of estimating outgoings, and information from a CRA about Mr P's monthly credit commitments. The affordability assessment suggests that Mr P would comfortably be able to afford sustainable repayments for a £600 credit limit. So it wouldn't appear that the repayments for this account would have a significant adverse impact on Mr P's financial situation.

Zopa are not required to request further information such as bank statements from a potential customer for each lending decision they make. This wouldn't be proportionate. And I'm not persuaded that it would have been proportionate for this lending decision for Zopa to have made further checks here as they would have no cause for concern that the information Mr P gave them wouldn't be correct, especially as he had no recent adverse information on his credit file including current or recent arrears, and he appeared to be managing his existing debt well.

I can't see that Mr P informed Zopa of any vulnerabilities around the time he was approved for the account or shortly after. The information from the checks showed no signs of financial vulnerability. So I wouldn't expect Zopa to discuss this with Mr P prior to accepting his application.

Mr P had been making his contractual repayments on his active accounts for at least the 12 months leading up to the acceptance of the account, and he had not been using all of his available credit. So I'm not persuaded that it would have been proportionate here for Zopa to have contacted Mr P to see if he was vulnerable or in financial difficulties. I'm also not persuaded based on the data that it would have been proportionate for Zopa to request further information such as bank statements.

So I'm persuaded that Zopa's checks were proportionate here, and they made a fair lending decision to approve the £600 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 Mr P or otherwise treated him 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 Mr P to accept or reject my decision before 24 November 2025.

Gregory Sloanes  
**Ombudsman**