

The complaint

Miss F complains that Zopa Bank Limited was irresponsible in its lending to her. She wants the interest on her loan reduced or removed.

What happened

Zopa issued Miss F with a £10,000 loan in November 2022. The loan term was 48 months, and Miss F was required to make monthly repayments of £300.98.

Miss F said that a proper affordability assessment wasn't undertaken before the loan was issued and the interest was unfair. She said that she was asked about her income, and she provided an annual figure which included a bonus and so didn't reflect her monthly income. She said she struggled to make the repayments and was forced to sell her home. She explained that after selling her home she asked to repay the loan early but said the interest being charged was disproportionately high. Miss F said this loan has caused her financial hardship.

Zopa issued a final response to Miss F's complaint dated 23 June 2025. It explained that it used data from the credit reference agencies and other third parties alongside the information Miss F provided and any data it held internally to carry out its credit and affordability assessments. It said it calculated Miss F's net monthly income based on her declared annual income and used credit reference agency data to verify this. Based on its checks, it found the loan to be affordable for Miss F.

Miss F referred her complaint to this service.

Our investigator thought that further checks of Miss F's expenditure should have been undertaken before the loan was issued. Therefore, they assessed what would likely have been identified had this happened. Based on the information provided including data in Miss F's bank statements for the months leading up to the loan application, our investigator found that further expenditure checks would have supported the loan being affordable for Miss F.

Miss F disagreed with our investigator's calculations, saying her monthly income wasn't around £2,573 but £1,872 and that based on this the loan wasn't affordable. She reiterated that her declared annual income included a bonus payment which shouldn't be included in her net monthly income. Miss F also said that the second part of her complaint was about the cost of settling the loan early which she said hadn't been addressed.

Our investigator said he was satisfied with the checks carried out by Zopa in regard to Miss F's income. As a resolution hasn't been agreed, this complaint has been passed to me, an ombudsman, to issue a decision.

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.

Our general approach to complaints about unaffordable or irresponsible lending – including the key rules, guidance and good industry practice – is set out on our website.

The rules don't set out any specific checks which must be completed to assess creditworthiness. But while it is down to the firm to decide what specific checks it wishes to carry out, these should be reasonable and proportionate to the type and amount of credit being provided, the length of the term, the frequency and amount of the repayments, and the total cost of the credit.

Miss F was provided with a £10,000 loan requiring monthly repayments of around £301. As part of the loan application, Miss F was asked about her employment, income and housing costs. A credit check was undertaken and Zopa explained it verified Miss F's income using credit reference agency data.

Miss F declared that she was employed with an annual income of £40,000 and had a mortgage costing £507 a month. Miss F's mortgage payments were confirmed through the credit check and this also showed that Miss F had other existing credit commitments, but the credit check didn't raise any concerns about how she was managing these. However, I note she had taken out her mortgage as well as two other loans and a hire purchase within a few months of this loan application.

So, while the credit check didn't raise concerns about Miss F's account management, given the increased commitments she had taken on in the months leading up to this loan, I think that Zopa should have asked further questions to ensure it had a clear understanding of Miss F's financial circumstances before lending to ensure this additional credit would be affordable for her. Zopa verified Miss F's declared income and used a calculated net monthly figure of around £2,573. In this case, I think it was reasonable to rely on the income figure Zopa used but I think an accurate figure was needed for her expenses rather than using an estimate. While I do not think that Zopa was required to request copies of Miss F's bank statements, I think it reasonable to use the information these contain to understand what further questions would likely have identified.

Looking at Miss F's expenses, she was paying £507 for her mortgage as well as making payments for her loans and hire purchase, credit card and mail order accounts (totalling around £400 a month). Additional to this she was paying for utilities, insurances, council tax, communications /media contract and general living costs such as food and transport. Adding all of Miss F's costs gave a total of around £1,300 a month. Deducting these and her Zopa loan repayments would leave around £972 for any unforeseen costs.

I note Miss F's comment that her declared annual figure included a bonus payment and that her net monthly income was around £1,872. Having looked through her bank statements, I can see her receiving a monthly income of around £1,867. While I do not think that further income verification was needed in this case, and I do not think that had additional questions been asked about Miss F's expenses Miss F would have declared a lower income, I have considered what the outcome would be based on this income figure. Based on the lower income figure, Miss F would still be left with around £266 for any unforeseen costs. As the calculated costs above include Miss F's regular outgoings including her food and fuel, I do not find I can say that even with this lower figure, the loan should have been considered unaffordable for Miss F.

Miss F has also complained about the interest rate on her loan and the amount that she was required to pay when she asked about early settlement of the loan. I appreciate the upset this caused her as she was trying to clear this debt, but having looked through the loan

agreement, I can see this clearly sets out the interest being charged and the total amount repayable. It explained that Miss F could settle the loan early subject to the additional interest it was entitled to add and when she requested the settlement amount this was provided. I have nothing to suggest that the settlement amount provided to Miss F was incorrect.

So, for the reasons set out above, I do not uphold this complaint.

I've also considered whether Zopa acted unfairly or unreasonably in some other way given what Miss F has complained about, including whether its relationship with her might have been unfair under Section 140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I don't think Zopa lent irresponsibly to Miss F 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

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss F to accept or reject my decision before 2 January 2026.

Jane Archer
Ombudsman