

The complaint

Mr E has complained that Zopa Bank Limited were irresponsible in supplying him with two loans, in March and September 2024.

What happened

Zopa provided Mr E with a loan in March 2024 (loan one) for £1,000, repayable in equal instalments of around £100 per month for 12 months, and a further loan in September 2024 (loan two) for £4,000, repayable in equal instalments of around £160 per month for 36 months.

Mr E says the lending decisions were irresponsible. He says the checks carried out were insufficient and a more thorough check would have revealed that the required repayments were unaffordable.

Zopa reviewed Mr E's complaint and didn't uphold it. They were satisfied that appropriate checks were carried out in both March and September 2024. They felt that there was no indication that the repayments were unaffordable.

An investigator then reviewed the merits of Mr E's complaint but didn't think that Zopa had done anything wrong.

Mr E didn't agree. In summary he felt Zopa's calculations for affordability weren't right and his existing debt showed that the new loans would be unaffordable.

Because an agreement couldn't be reached, the 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.

Having done so, I'm not upholding this complaint. I appreciate this will disappoint Mr E, so I'll explain why.

The rules and regulations in place when Zopa provided both loans required them to carry out a reasonable and proportionate assessment of whether he could afford to repay what he owed in a sustainable manner. This is sometimes referred to as an 'affordability assessment' or 'affordability check'.

The checks had to be 'borrower' focused. This means Zopa had to think about whether repaying the credit would cause difficulties or adverse consequences for Mr E. In other words, it wasn't enough for Fluid to consider the likelihood of them getting the funds back – they had to consider the impact of any repayments on Mr E.

Checks also had to be 'proportionate' to the specific circumstances of the lending. In general, what constitutes a proportionate affordability check will be dependent on a number of factors including the customer's circumstances and the nature of the credit they'd applied for. I've kept all of this in mind when thinking about whether Zopa did what they needed to.

Zopa used information declared by Mr E in his applications and used data supplied by a credit reference agency (CRA) to help them see whether the loans were affordable for Mr E.

In his application for loan one, Zopa says Mr E declared a gross salary of £41,000, which they verified through a CRA, and calculated this to mean a monthly net income of around £2,600.

Zopa say the information they obtained showed Mr E had existing debt of around £9,000 requiring monthly payments of around £600. He declared monthly rental payments of £250.

His credit file showed that Mr E had exceeded his credit limit on a mail order account, albeit by less than 1%, but no other adverse indicators on any existing credit. He had made use of pay-day loans in 2022, which had been settled and no similar activity since then.

Using all this information Zopa calculated that Mr E had sufficient disposable income remaining to be able to afford loan one, along with general cost of living expenses, which they had estimated using data from the Office for National Statistics.

Zopa took a similar approach when Mr E applied for loan two and the figures used were broadly the same as noted above for loan one. Zopa considered loan two to also be affordable.

I have reviewed all the figures and steps taken by Zopa that I have referred to above, for both of the loans, and I am not persuaded that there was any indication of unaffordability.

In his correspondence with this service Mr E argues, that the figures referenced by Zopa for his rental payments were incorrect. He also states that he was up to his limit on his credit cards.

I think Zopa are entitled to use the information supplied in Mr E's application at face value but in any case, the disposable income remaining after Zopa's calculations did leave a reasonable buffer, so this doesn't impact my decision.

I'm also not persuaded that Mr E's credit card utilisation at the time of the application indicated any financial difficulty and as noted above, Zopa took a reasonable approach to calculating his monthly commitments to repay existing debt.

Having reviewed everything, I conclude that the checks were proportionate and the lending decisions weren't irresponsible.

In reaching my conclusions, I've also considered whether the lending relationship between Mr E and Zopa might have been unfair to Mr E under Section 140A of the Consumer Credit Act 1974 ("CCA"). However, for the reasons I've already explained, I'm satisfied that Zopa did not lend irresponsibly, or otherwise treated him unfairly in relation to this matter. And I haven't seen anything to suggest that Section 140A of the CCA would, given the facts of this complaint, lead to a different outcome here.

My final decision

As outlined above, my final decision is that I don't uphold this complaint against Zopa Bank Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E to accept or reject my decision before 27 February 2026.

David Barker
Ombudsman