

## **The complaint**

Zopa Bank Limited ('Zopa') provided Mrs V with two loans.

- Loan 1 was started in January 2024. Mrs V borrowed £8,000 and she was due to make 60 monthly repayments of £202.81.
- Loan 2 was started in July 2024. Mrs V borrowed £6,000 and she was due to make 48 monthly repayments of £202.81.

Mrs V says the loans were provided irresponsibly and she has had problems repaying both of them. They have now defaulted.

## **What happened**

The details of this complaint are well-known to both parties, so I won't repeat them again here. The facts aren't in dispute, so I'll focus on giving the reasons for my 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.

We've set out our general approach to complaints about unaffordable or irresponsible lending on our website, and I've taken this into account in deciding Mrs V's case. I've decided the loans were provided fairly and I'll explain why.

I'm not fully persuaded the checks Zopa did before providing the credit were reasonable and proportionate, given what it knew about Mrs V's financial situation.

Zopa's checks before loan 1 showed that Mrs V declared her annual income to be £124,000 and before loan 2 she said it was £149,000. Zopa said that it confirmed her income using a tool provided by a credit reference agency ('CRA'). And it looked at some payslips and her bank statements to corroborate this. I think it's reasonable to say that Zopa verified Mrs V's income.

Mrs V said that she was a homeowner and she paid £850 a month in housing costs. Her mortgage was around £145,000. She had some other debt which for both loans was around £37,000 in credit card debt, or similar, and £61,000 in other unsecured debt. The CRA information that Zopa had about this shows that Mrs V was repaying this credit, and things like her utilities and other priority payments, without a problem.

Zopa used statistical information to estimate the remainder of Mrs V's expenditure. But, given her circumstances, and in particular the amount of existing debt that she had, it should have investigated her expenditures in more detail. I don't think relying on statistical information here was enough, as it seems unlikely that her expenditure would resemble statistical averages given her income and what Zopa already knew she was spending.

That said if Zopa had done proportionate checks, I don't think it's likely these would have shown it was unfair to provide the credit to Mrs V. Mrs V has provided a copy of a recent credit report and this shows that she was, at the time of the lending, managing to repay all of her credit without a problem. She didn't start to experience obvious problems until late 2024, when she entered a debt management plan. And she's provided some bank statements which also don't indicate she was in financial difficulty.

Mrs V did go on to enter a debt management plan at the end of 2024. Mrs V has said that the levels of debt she already had before the loans were unsustainable, and that she was unable to pay it all very shortly after these loans started supports this. Essentially, she thinks she was living beyond her means when the loans were approved, and it should have seen this and not lent.

I have considered and this, and I understand why she would feel this way. But Zopa's responsibility here was to make a proportionate check, and even if it had looked in more detail into Mrs V's circumstances, I'm not persuaded it would be fair to say it should have drawn this kind of conclusion from what it would have seen.

At the time of lending Mrs V did have a reasonable income, and there were no clear signs of the financial difficulties that would present themselves later and she was borrowing relatively modest amounts. I think anticipating that she would have problems in the future would have needed Zopa to have considered her circumstances in more detail than a proportionate check would have reasonably shown.

And added to this the Zopa loans were a modest proportion of her overall debt and I don't think it would be fair to say they were the most important factor in the problems she faced later.

So, I think based on the information Mrs V has provided about her circumstances at the time, there wasn't enough to say she was unlikely to be able to sustainably repay what she was being lent.

I don't think Zopa acted unfairly in any other way.

This means I don't think Zopa did anything wrong when it provided the loans to Mrs V.

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 don't think Zopa lent irresponsibly to Mrs V or otherwise treated her unfairly. I haven't seen anything to suggest that s.140A or anything else would, given the facts of this complaint, lead to a different outcome here.

I know this isn't the outcome Mrs V hoped for. But for the reasons above, I'm not asking Zopa to do anything to put things right.

### **My final decision**

My final decision is that I'm not upholding Mrs V's complaint about Zopa.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs V to accept or reject my decision before 11 March 2026.

Andy Burlinson  
**Ombudsman**

