

## **The complaint**

Zopa Bank Limited ('Zopa') provided Miss A with a hire purchase agreement to purchase a car in 2022. The car had a cash price of £8,540 and Miss A borrowed £8,499.75. The repayments were £201.53 a month over the 60 month term, and she was due to repay a total of £12,131.53. Miss A says the finance was provided irresponsibly.

## **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.

Having considered everything, I'm not upholding Miss A's complaint. I'll explain my reasoning below:

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 Miss A's case.

I've decided the finance was provided fairly because:

- I don't think the checks Zopa did before providing the finance were reasonable and proportionate given the size and term of the finance it offered and what it knew about Miss A's financial situation.
- Zopa asked Miss A some questions about her circumstances and it found out she was living at home. She said her income was around £21,500 a year and it verified this using a tool provided by a credit reference agency ('CRA'). It went on to use statistical information to estimate her monthly expenditure. I don't think the checks Zopa made into this part of her circumstances were unreasonable.
- The CRA also provided some information about her existing credit. This showed she had other lending with a balance of around £8,000. This was a mixture of an overdraft, credit cards and loans. She was managing most of this credit well, but she had recently been in arrears on two of her credit cards. Although these were now up to date, because of these recent problems, I agree that Zopa should have looked in more detail at Miss A's circumstances, particularly her existing credit.
- If Zopa had done proportionate checks, I don't think it's likely these would have shown it was unfair to provide the finance to Miss A.
- Miss A has provided some information about her circumstances at the time, which includes her bank statements. To be clear, I'm not saying Zopa needed to obtain these, but I think they give a reasonable approximation of what it would have likely

seen if it had investigated her circumstances further. And Zopa has provided the information it had about her existing lending.

- I think it's reasonable to say that if Zopa had looked in more detail at her circumstances it would have seen that the lending was sustainably affordable for her. This is because, as our Investigator calculated, Miss A's regular income less her expenditure left her with enough to repay the new lending. Miss A was already paying for the other costs associated with a car and I've borne in mind that she wasn't subject to the adverse consequences that non-payment of, for example, rent or a mortgage, can lead to. And she was obtaining a car with the lending and it's reasonable to assume she wanted or needed this.
- As I've said, there was some evidence of relatively recent arrears on her CRA information. But I don't think it's reasonable to say that these indicated she was having significant financial problems. Particularly as the arrears were made up before the new lending started.
- Miss A said in response to our Investigators opinion that the disposable income calculation our Investigator made was not realistic. She said she was using credit for day to day spending and she often used her overdraft. She would have a high debt to income ratio (about 95%) with the new borrowing. But whilst I've noted these factors, and they are of course a concern, as I said above, there isn't a great deal of evidence of financial problems in her financial information. And there is none of the more serious indicators of financial problems such as defaults or county court judgements. I'm sure it was sometimes a challenge for Miss A to make ends meet, but I don't think there is enough to say that Zopa shouldn't have lent here.
- 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 car finance to Miss A.

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 Miss A 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 Miss A 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 this complaint about Zopa.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss A to accept or reject my decision before 4 March 2026.

Andy Burlinson  
**Ombudsman**