

The complaint

Mrs O complains that Zopa Bank Limited (Zopa) lent to her irresponsibly by providing a consolidation loan in February 2024.

What happened

Mrs O applied for and was granted the following loan from Zopa:

Date	Amount of credit	APR	Loan term	Monthly repayment
February 2024	£5,000	28.3%	24 months	£267.31

In summary, Mrs O complains that this loan should not have been provided given her existing overdraft, personal loans and seven credit cards totalling around £27,000 at the time. Mrs O complained to Zopa in May 2025. The complaint was not upheld by Zopa who issued a final response letter in June 2025.

In the final response letter Zopa stated they had reviewed the application but believed that appropriate checks were carried out at the time of the application, Zopa believe they made a fair lending decision. Mrs O disagreed and brought the case to the service in June 2025.

An investigator considered the merits of Mrs O's complaint finding that the affordability checks performed by Zopa had been sufficient for this lending. He also found that given the information available to Zopa at the time of the application and the content of Mrs O's credit file, it was likely that there would be sufficient disposable income for a loan of £5,000.

Zopa accepted this position but Mrs O disagreed with these findings, explaining that her living costs were higher than what Zopa had recorded. So, the complaint has been passed to me for a final 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 approach to considering unaffordable and irresponsible lending complaints on our website – including the key relevant rules, guidance, good industry practice and law. In short, lenders must ensure that any credit that is approved is affordable and sustainable for the borrower. I've followed our approach when deciding Mrs O's complaint.

I must apply the same tests as the investigator when considering this case.

Having reviewed the evidence available to me, while I know it will disappoint Mrs O, I agree with the investigator's view. I'll explain why.

When Mrs O applied for the loan, she declared an annual gross income of £42,000 and provided Zopa with details of her monthly rental costs. I must start by considering whether the affordability checks undertaken by Zopa at the point of application were reasonable and proportionate.

Having read Zopa's response and examined the available evidence, I can see that Zopa checked Mrs O's credit file and this showed £27,335.00 in outstanding credit card debt and £5,375.00 in other unsecured borrowing. Zopa's checks found no active payday loans at the time of the application. Mrs O's income was also validated through an external credit reference agency, along with further identity and address checks.

Mrs O's credit file showed good management of her existing credit commitments with no County Court Judgments (CCJs), active payday loans or defaults at the time of the application.

Zopa then applied a series of assumptions based on data from the Office of National Statistics (ONS) to derive typical monthly expenditure figures. I note from their response that Zopa has actively managed its application of ONS data and varied its affordability limits in response to changing economic conditions. This suggests a more considered application of data from models.

Had the loan been for a larger amount, over a longer term or for something else other than debt consolidation, this might not have been enough, or had any adverse findings such as CCJs or defaults been present.

In this case, for a consolidation loan of this amount over two years, with good account management, I believe the checks carried out were reasonable and proportionate. I must next consider whether a fair lending decision was made by Zopa based on the information available to them at the time.

I am persuaded that Zopa were aware of Mrs O's existing credit commitments. I am also persuaded that based on the credit report, Mrs O appeared to be managing those accounts well at that time. There were no defaults, CCJs or indicators of active financial difficulties. Based on their response, I find that Zopa did turn their mind to affordability for Mrs O. Based on their approach it was Zopa's view that Mrs O had sufficient disposable income after her existing commitments to offer her the loan. Given the purpose of the loan, Zopa were reasonably expecting some of the existing lines of credit to be removed or reduced, further increasing disposable income.

I have also reviewed the information available to Zopa at the time and agree that Mrs O appeared to have sufficient disposable income to have been offered this lending. Mrs O has provided me with additional information including current account and wider family commitments in response to the investigator's view of the case. I understand that the full extent of Mrs O's specific circumstances may not have been fully reflected in the information collected by Zopa.

However, I don't believe this represents a failing on Zopa's part. I've already outlined that the checks carried out by Zopa were reasonable and proportionate for this lending. And the available evidence demonstrated that lending was likely to have been affordable. Given that, I don't believe Zopa's checks needed to go further.

Given what I have said and understanding that this will be a disappointment to Mrs O, it follows that I believe Zopa made a fair lending decision in this case.

In reaching my conclusions, I've also considered whether the lending relationship between Mrs O and Zopa might have been unfair to Mrs O 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 when providing Mrs O with the loan, or otherwise treat her unfairly in relation to this matter. And I haven't seen anything to suggest that Section 140A CCA would, given the facts of this complaint, lead to a different outcome here.

My final decision

Given what I have said above, my final decision is that I do not uphold Mrs O's complaint against Zopa Bank Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs O to accept or reject my decision before 19 January 2026.

Richard Bellamy
Ombudsman