

The complaint

Miss G complains that Zopa Bank Limited ('Zopa') didn't reinstate her payment plan on her personal loan despite saying this was possible. Miss G is unhappy that Zopa reported a default to her credit file when her account should have been on hold.

Miss G seeks reasonable compensation and wants this matter to be investigated.

What happened

Miss G received a default notice dated 18 November 2024 requiring her to pay her arrears of £623.33 by 18 December 2024.

Miss G telephoned Zopa on 28 November 2024 to reinstate her payment plan which, for reasons unknown to Miss G, appeared to have been cancelled. Miss G said this was a recurring issue. Miss G was informed that her direct debit would need to be reinstated before the plan could be re-set. Miss G was asked to call back on 11 December 2024 to give this time to happen, and a short hold was placed on the account.

Miss G telephoned Zopa on 11 December 2024 and was frustrated to be told her account was due to default and a payment plan couldn't be set up at that time. Miss G complained this wasn't what she'd been told before, and asked for a further hold to be placed on her account while this was investigated. Miss G's account subsequently defaulted, and she raised a further complaint that the hold hadn't been applied properly to her account.

Zopa considered Miss G's complaints but didn't agree the default had been incorrectly applied. They accepted their agent should have advised Miss G her account was due to default during the call on 28 November 2024. Zopa also accepted that Miss G's requested hold on the account from 11 December 2024 wasn't actioned. Zopa paid Miss G £35 compensation for her distress and inconvenience.

Miss G referred her complaint to the Financial Ombudsman Service, sharing that this matter had significantly impacted her mental and physical health. Our investigator considered what had happened, but thought Zopa had acted fairly and didn't recommend they take further action.

Miss G disagreed, saying that although she'd received compensation and had set up a new payment plan, the default remained. Miss G thought her default notice was inaccurate. Given everything that had happened Miss G thought the default should be removed from her credit file and replaced with an arrangement marker.

Our investigator considered Miss G's response but didn't change his view. So, the matter was 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.

I've taken into account any relevant law and regulations, the regulator's rules, guidance and standards, codes of practice and (where appropriate) what is considered to have been good industry practice at the relevant time.

Having done so I have decided not to uphold Miss G's complaint, as I think Zopa have already provided a fair and reasonable resolution. I'll explain why, though I broadly agree with our investigator.

The role of the Financial Ombudsman Service is to resolve individual complaints based on what is fair and reasonable in the circumstances of each case. So it is not for this service to interfere with a firm's processes, systems or controls nor to fine or punish a business. Those are considerations for the Financial Conduct Authority ('FCA'), as the regulator.

The Information Commissioner's Office (ICO) sets out guiding principles for businesses reporting arrears, arrangements and defaults. This sets out that by the time an account is at least three months in arrears, and normally by the time an account is six months in arrears, it's generally expected that a default will be registered with the Credit Reference Agencies.

The ICO goes on to say that an arrangement to pay can prevent a default from being registered, but if the arrangement is broken then the default can be applied. The ICO says credit reporting should be fair and accurate.

Miss G's account was previously due to default on 20 July 2024, but Miss G had been able to suspend the effect of this with a payment plan. I'm mindful that Zopa's final response letter referred to Miss G being advised at the time that she may not be able to do this again.

Miss G didn't pay what was due in November 2024 and a further default notice was issued on 18 November 2024. The demand required payment of the "total arrears" to remedy the breach of the credit agreement, so I think it's right that this gave the figure for the arrears on Miss G's account, not the arrears under the payment plan.

Miss G thought her payment plan had failed because Zopa cancelled her direct debit, which they denied. I agree with our investigator that it's more likely that the plan came to an end and needed renewing – Zopa say their process is to set plans for three to six month periods and I've seen a schedule of payment plans for Miss G's account which suggests this is what has always happened. So I think this is the recurring issue Miss G has referred to. I accept this is frustrating for Miss G but I don't think it's unreasonable that there's an opportunity for Zopa to check if there's been any change to her circumstances before agreeing to continue with a plan.

I agree Zopa missed an opportunity to discuss Miss G's upcoming default with her during the call on 28 November 2024. I think it would have been helpful to set Miss G's expectation that – having had a chance to avoid a default in July 2024 – Miss G would need to comply with her default notice to avoid a default in December 2024. Following this call, Miss G was understandably frustrated not to be able to reinstate her payment plan. In the circumstances, and bearing in mind Zopa had previously advised a second payment plan may not be possible, I think Zopa's payment of £35 to recognise Miss G's distress and inconvenience is fair.

Zopa fairly advised Miss G on 11 December 2024 that her account was due to default later that month. Miss G knew her repayment plan hadn't been reinstated during the call, as she complained about this. Miss G confirmed she'd received her default notice, so I'm satisfied she was reasonably aware that she needed to pay the stated arrears by 18 December 2024.

I don't agree that Zopa's failure to renew the hold on Miss G's account on 11 December 2024, or their communication regarding the hold, caused the default to come about. I think Zopa fairly communicated to Miss G that a hold wouldn't stop her obligation to pay or prevent her account from defaulting.

I say this because Zopa said they'd sent Miss G an email on 28 November 2024 regarding the hold on her account stating, *"Please be aware this does not stop the account from defaulting if you have received a notice of default letter."*

And on 11 December 2024, when Zopa said they'd renew the hold on Miss G's account, the agent said, *"Regarding the breathing hold, payments will still be due..."* The agent also said, *"If a notice of default has been sent your account will still default during this time."* Miss G acknowledged she'd heard the warning on the call.

In these circumstances, I don't think it was unfair for Zopa to default Miss G's account when they did. I think they were entitled to take that step given Miss G's non-payment, and obliged to report the default to the Credit Reference Agencies.

Miss G said a default would have – and has had – a significant impact on her ability to undertake her professional work. I am sorry to hear this and I recognise that this is not an easy time for Miss G. I also acknowledge that Miss G says she would have found the money to avoid the default. Miss G has asked for the default to be removed, and for an arrangement marker to be reported to reflect her new payment arrangement of £10 a month.

I don't wish to make things more difficult for Miss G but I think Zopa have complied with the ICO's expectations when reporting the default, and I'm not going to ask them to change this. Miss G didn't satisfy her default notice, so I'm satisfied it's accurate to report a default here. Further, I think it's fair to do so as Miss G was given opportunities to avoid the default. I say this because Zopa agreed a repayment plan, gave Miss G a second chance to clear her account arrears when the repayment plan failed, and advised Miss G that the account was due to default.

In the circumstances, I think Zopa have provided a fair and reasonable resolution to Miss G's complaint. I am sorry to disappoint Miss G but I won't ask Zopa to take further action on this occasion.

My final decision

For the reasons I've outlined, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss G to accept or reject my decision before 23 December 2025.

Clare Burgess-Cade
Ombudsman