

## **The complaint**

Mr C has complained that Zopa Bank Limited were irresponsible when providing him with a loan.

### **What happened**

Zopa provided Mr C with a loan for £12,000 in June 2023, requiring monthly payments of around £400 per month for four years.

Mr C says this was irresponsible lending as he was only one month away from retirement when he applied for the loan.

Zopa reviewed Mr C's complaint and didn't uphold it. They were satisfied with the checks they had undertaken and didn't agree they had been irresponsible.

Mr C remained unhappy so brought the complaint to our service.

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

Zopa accepted our investigator's view, but Mr C remained unhappy and restated his complaint.

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 am not upholding this complaint, and I'll explain why.

The rules and regulations in place at the time Zopa provided Mr C with the loan 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 C. In other words, it wasn't enough for Zopa to consider the likelihood of them getting the funds back – they had to consider the impact of any repayments on Mr C.

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 – but not limited to – the particular circumstances of the consumer (e.g. their financial history, current situation and outlook, any indications of vulnerability or financial difficulty) and the amount/type/cost of credit they were seeking.

Zopa used information declared by Mr C in his application and used data supplied by a credit reference agency (CRA) to help them see whether the credit was affordable for Mr C.

In his application Mr C declared an annual salary of £35,000. The information Zopa obtained showed Mr C had other credit commitments with a total outstanding balance of just under £7,000. His credit file showed no recent adverse information on any open accounts, but there had been two previous defaults, the most recent being nearly three years earlier, in July 2020.

Zopa say they validated Mr C's declared income via the CRA and used statistical data to see what his typical spending was likely to be for other living expenses. They also calculated what his monthly payments would be for his existing credit commitments.

Zopa were comfortable that this information demonstrated that the loan repayments were affordable and approved the loan.

Having reviewed the information supplied to this service by Zopa, I haven't seen enough to persuade me that they performed reasonable and proportionate checks before agreeing to the loans.

I say this partly because of the previous defaults, but also because Zopa haven't supplied all the information evidencing the checks or data they relied on. For example, Zopa have advised that they used CRA information to validate Mr C's salary and whilst evidence of this hasn't been supplied, a separate document advised that they used Mr C's "declared" salary.

As I can't state that Zopa made a fair lending decision without that clear information, I have undertaken a review of Mr C's bank statements to understand his income and non-discretionary committed expenditure.

Having done so, Mr C's income was consistent with, or slightly higher, than the declared figure. When I consider Mr C's non-discretionary committed expenditure, I am comfortable that there is sufficient disposable income remaining, to afford the repayments for this loan, leaving a reasonable buffer for unexpected expenses.

There are no indicators within Mr C's bank statements to suggest financial difficulty, so it is likely that Zopa would have concluded that the required repayments for this loan were affordable, as that is what I have found.

Mr C says he was only one month away from retiring, but Zopa wouldn't know this.

Taking all of this into account, I conclude that Zopa made a fair lending decision when approving Mr C's loan application.

Moving on to an additional concern of Mr C's, regarding the settlement figure provided to him by Zopa. When taking out the loan, he was sent a loan contract; clause three refers to "Early Repayment" and explains that Zopa are entitled to add "additional interest".

Mr C thinks that the settlement figure quoted wasn't reasonable as he had already paid 27 instalments, representing around £11,000 and the settlement figure required a further payment of around £7,300. Whilst the capital borrowed was £12,000, the loan contract was clear that, when including interest, the total amount to be repaid was around £19,600 so I don't think that Zopa have acted unfairly when calculating the quoted settlement figure.

I also note that during this investigation Zopa have made an offer to remove the early repayment charge if Mr C wishes to settle.

In reaching my conclusions, I've also considered whether the lending relationship between Mr C and Zopa might have been unfair to Mr C 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 Mr C with the loan, 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**

My final decision is that I don't uphold this complaint against Zopa Bank Limited, for the reasons explained above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 26 February 2026.

David Barker  
**Ombudsman**