

## **The complaint**

Ms T is unhappy that Zopa bank has defaulted her hire purchase agreement.

## **What happened**

Ms T was in arrears on her hire purchase agreement with Zopa. Because of this, she was paying her monthly repayments plus an extra amount to clear the arrears.

In March her direct debit was cancelled so the payment for this month wasn't taken. The date the payment was due was 22 March.

On 15 April Ms T contacted Zopa to reset up her direct debit. Because the online chat she was using to communicate with Zopa timed out, this wasn't completed.

However, on 16 April an email was sent to Ms T indicating that a payment would be taken. This email was incorrect, and no further payment was made.

Because of the missed payments, plus the previous arrears on Ms T's agreement, Zopa issued a notice of default on 20 April. Zopa tried to call Ms T multiple times during this time to discuss her account.

On 13 May Ms T contacted Zopa. They told her that her account was due to default the next day and they needed her to make a payment of £202.31 in order to prevent this from happening. They explained this was because this payment would bring her arrears below the threshold for a default.

Ms T explained on the chat she couldn't make this payment until the Friday as she needed to visit a bank branch. She has explained this is because she had cash at home which she could have paid into her account in branch. She then could've used this to pay Zopa. She said she was also confused because she thought her direct debit had been taken as per the email she received on 16 April.

As Ms T didn't make the £202.31 payment, Zopa defaulted her account on 14 May.

Unhappy, Ms T complained. Zopa issued a FRL offering her £50 to apologise for the confusion their email on 16 April caused. Ultimately though, they didn't think they acted unfairly in defaulting her account due to the level of arrears.

Dissatisfied, Ms T brought her complaint to our service. One of our investigators looked into things and said Zopa didn't act unreasonably in applying the default but said their service could have been better so asked them to pay a total of £125.

Zopa agreed with the investigators findings but Ms T didn't and asked for an Ombudsman's decision. So, the case 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.

I've first considered that the direct debit being cancelled was not the fault of Zopa. I've also considered that I can't hold them responsible for the problems with the direct debit not being set up during the online chat either. This is because I've seen from the chat logs that the chat timed out before the direct debit could be reinstated. And so, I don't think Zopa did anything wrong in regard to these issues.

I agree that the email sent by Zopa on 16 April about a direct debit being set up was confusing. However, I can't ignore that Ms T had ways to check if the payments needed were being made. Zopa also tried to call her multiple times, and sent a default notice to the address they held on her account to make her aware that something had gone wrong with the payment.

The Information Commissioner guidelines say that an account may be defaulted after someone has missed three monthly repayments. This seems to be the threshold Zopa's agents referred to when they said they may be able to halt default proceedings. I can appreciate Ms T found her discussions with the chat agents unhelpful. After reviewing them, I don't think they were unreasonable in their communications. This is because they were clear in explaining what Ms T needed to do, even though I appreciate she wanted them to extend the time she needed to make a payment.

I've considered that Ms T asked to make the payment which was needed on the Friday. I asked Ms T for more information about why she needed to go into a branch. She explained that because it was cash that she was planning on using to pay the amount requested, she's unable to evidence that she had the money available.

I can understand her explanation for this. But, considering a payment wasn't then made on the Friday, I'm not persuaded that even if Zopa had extended the deadline she could have made the payment which was needed.

I realise this won't be the answer Ms T is hoping for and I'm sorry to hear of the impact this has had. However, in this complaint, my role is to consider whether Zopa acted reasonably in registering the default and for the reasons I've given above, I think they have.

Zopa have already agreed to pay Ms T a total of £125 for the confusion caused by the email sent on 16 April. I think this fairly reflects the confusion the email would've caused.

And so, while I'm sorry to hear about the situation Ms T found herself in, I'm unable to fairly say that Zopa acted unreasonably in issuing a default and terminating her agreement based on the amount of arrears on her account.

I'm aware that Ms T is still in possession of her car. Zopa should now get in touch with her to discuss her options moving forward. I would expect Zopa to provide support and treat Ms T fairly when doing this.

### **My final decision**

My final decision is that Zopa Bank Limited should pay Ms T a total of £125 compensation for the reasons set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms T to accept or reject my decision before 12 January 2026.

Ami Bains  
**Ombudsman**