

The complaint

Zopa Bank Limited provided Mr T with a loan for £15,000 in 2021 and a loan for £20,000 in 2022. Mr T says the loans were 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.

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 Mr T's case.

Zopa upheld Mr T's complaint in relation to the second loan provided in 2022, however it maintained that the first loan had been provided fairly.

As there is no longer a dispute in relation to the second loan, and Zopa's offer is in line with how this service would put things right for this type of complaint, I don't intend to go into any further detail on this. So, my decision will focus on whether the first loan was provided unfairly.

Having considered everything, I've decided the first loan was provided fairly because:

- I think the checks Zopa did before providing the credit were reasonable and proportionate given the type and amount of credit, and what it knew about Mr T's financial situation.
- Zopa's checks showed that Mr T was employed full-time earning around £2,288 a month this was verified by the credit reference agencies using 12 months of data. Zopa knew he was renting living space, and it didn't find any recent adverse reports on his credit file. It calculated Mr T's monthly repayments to debt were just over £1,000, leaving him with around £1200 to meet other essential and non-essential living costs.
- Zopa used data from the Office for National Statistics (ONS) to estimate Mr T's other essential expenditure. This is an approach it's allowed to take under the regulations, and I haven't seen anything that suggests Zopa needed to do more than this. Zopa found that after other essential expenditure Mr T would likely be left with a disposable income of over £500 a month. Which is a reasonable sum.
- In addition to this, the loan was taken for debt consolidation and the sum being borrowed covered the amount of debt Mr T had, excluding his hire purchase agreement. Mr T says Zopa didn't ensure the funds were used for this purpose but

there is no obligation for it to do this. I can also see that from Zopa's calculations, even if the funds weren't used for consolidation, the loan still appeared affordable.

- Based on the information Zopa gathered and what it knew about Mr T's circumstances, there was nothing to suggest that Zopa's checks should have gone further or that Mr T was likely to be unable to sustainably repay what he was being lent.
- I also haven't seen anything to persuade me that Zopa acted unfairly in any other way in relation to the first loan.

This means I don't think Zopa did anything wrong when it provided the first loan to Mr T and Zopa's offer to put things right in relation to the second loan appears to be fair.

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 Mr T or otherwise treated him 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 for either loan.

I know this isn't the outcome Mr T hoped for. But for the reasons above, I'm not asking Zopa to do anything further to put things right.

My final decision

My final decision is that I'm not upholding Mr T's complaint about Zopa Bank Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 6 January 2026.

Charlotte Roberts
Ombudsman