

The complaint

Mr A is unhappy that Zopa Bank Limited defaulted his loan account.

What happened

Mr A had a loan account with Zopa. In August 2024, Mr A told Zopa he was unable to maintain his regular monthly repayments. In October 2024, Zopa agreed a repayment plan of £10 per month for six months.

In March 2025, Zopa said it could only offer one more month of reduced repayments. Mr A responded to say he couldn't make the full repayments. In response, Zopa said if it agreed a reduced repayment plan, his account will default. Mr A said he could afford £10 per month.

On 18 March 2025, Zopa emailed Mr A to say it would set a plan of £10 per month for six months. It said he would receive two regulatory notices, including a default notice that had been sent that day. The email said "you can ignore these letters and just stick to the plan agreed today". Zopa then sent a default notice, which said his account would default unless he repaid the arrears by 17 April 2025. It then sent a formal demand in April 2025, which let him know the account had been defaulted. Mr A emailed Zopa, and it reassured him he could continue making repayments as he agreed last month.

In August 2025, Mr A discovered Zopa had recorded his loan account as in default on his credit file. He complained his account had defaulted even though he was on a payment plan. Mr A also said he should not have been charged interest whilst on a payment plan.

In its response to Mr A's complaint, Zopa said it had agreed a reduced repayment plan from October 2024 to March 2025. However, as Mr A couldn't repay the arrears or increase his repayments, it had explain it would issue a default notice. Zopa said the interest owed on his loan account was 'front loaded', so it was calculated upfront and split across his loan term. Zopa said it had charged interest on his loan correctly, and the default had the benefit of stopping further interest and arrears from accruing.

Mr A referred his complaint to our service. He said Zopa changed the status on his account and informed the credit reference agencies without letting him know, despite him keeping up to his repayment plan.

One of our investigators reviewed Mr A's complaint and said Zopa was entitled to default his account. Mr A asked for an ombudsman to review his complaint because he'd been keeping up to his payment plan and tried his best to work with Zopa to avoid any further issues.

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 listened to Mr A's call with Zopa in July 2025. He said he'd received advice that says his account shouldn't have been defaulted because he was on a payment plan but this isn't

correct. The Information Commissioner's Office provides guidance that sets out an account should be defaulted once three to six months of arrears have accrued. This means that once Mr A has missed at least three contractual monthly repayments, Zopa was entitled to default his account. The reduced repayments Mr A was making were less than his contractual monthly repayments, so arrears were accruing.

Mr A last made a contractual repayment in July 2024, so I would normally expect Zopa to have defaulted his account by February 2025 (when six contractual repayments had been missed). However, Zopa agreed a six-month payment plan in October 2024, so I don't think it was unreasonable for it to hold off from defaulting the account. Once it became clear Mr A was unable to bring his account up to date and maintain his contractual repayments, I think Zopa was obliged to issue a default notice. As Mr A couldn't repay the arrears by 17 April 2025, Zopa was entitled to record the account as in default. This is the case even though Mr A had kept up to date with his reduced repayment plan.

Having reviewed Zopa's emails to Mr A, I think some of its reassurances could have been confusing given he'd also been told his account will default. The email telling Mr A he could ignore the regulatory letters was, I think, designed to reassure him given he'd told them he couldn't afford to repay the arrears. But even if Zopa had led Mr A to think his account may not be defaulted, he'd told Zopa he wasn't in a position to repay the arrears and maintain his contractual payments. His account was already more than six months in arrears so I think Zopa was entitled to default his account.

Mr A said he shouldn't have been charged interest whilst he was on a payment plan. Zopa wasn't obliged to suspend or refund interest. Mr A was offered a repayment plan to help him whilst he was unable to make his contractual monthly repayments, which is in line with what I think Zopa was obliged to do. I've not seen sufficient evidence to show Zopa charged interest incorrectly, so I've not asked it to refund any interest applied.

Overall, I think Zopa was entitled to default the account. Zopa must ensure his credit file is an accurate record of his payment history. So, whilst I empathise with the situation Mr A has found himself in, I've not asked Zopa to remove the default as Mr A has requested.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 9 April 2026.

Victoria Blackwood
Ombudsman