

## **The complaint**

Mr P complains that Zopa Bank Limited irresponsibly lent to him.

## **What happened**

Mr P was approved for a Zopa credit card in May 2022, with a £500 credit limit. Mr P says this was irresponsibly lent to him. Mr P made a complaint to Zopa, who did not uphold Mr P's complaint. They said that they believe their decision to lend was appropriate and affordable. Mr P brought his complaint to our service.

Our investigator did not uphold Mr P's complaint. She said that Zopa's checks were proportionate, and they did not make an unfair lending decision. Mr P asked for an ombudsman to review his complaint. He made a number of points. In summary, he said that our service had upheld a complaint about irresponsible lending on a credit card where the lending decision was 15 months prior to taking out this Zopa credit card. Mr P provided us with an insight into his financial standing, the subsequent decline, and his personal circumstances.

Mr P said that Zopa themselves had upheld an irresponsible lending complaint about an £8,000 loan they issued only four months prior to the Zopa credit card being opened, so they should not have approved a £500 credit limit for a credit card shortly after the loan was approved. He said that in May 2022, he had £31,696 of unsecured debt, and he was juggling between lenders. Mr P said he earned £56,389, and not £63,000, so this would change the disposable income calculations. He said the Debt Collection Agency (DCA) that took over the Zopa credit card collections have registered a default, resulting in two defaults for the same debt.

## **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.

Firstly, I'm aware that I've only summarised Mr P's complaint points. And I'm not going to respond to every single point made by him. No discourtesy is intended by this. It simply reflects the informal nature of our service as a free alternative to the courts. If there's something I haven't mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual point to be able to reach what I think is a fair outcome.

I'd like to thank Mr P for sharing sensitive information about his health and financial situation at the time of the lending, to give me a fuller picture of his circumstances. I won't go into great detail in this decision regarding what Mr P said to protect his identity, but I can assure him I've read everything he's said.

I've considered what Mr P has said about upheld complaints from Zopa, and another company for irresponsible lending. But our service judges each individual complaint on its own merits. While the situation can look similar between two lending decisions, or they could have been made around the same time, even with the same company, the checks and the

results of the checks, could have been different between different products, different amounts being lent, and with different companies. So I'll be focusing here whether Zopa made a fair lending decision to approve the credit card with a £500 credit limit.

Unfortunately I'm unable to consider the new complaint point that Mr P has raised about the DCA. This is because Mr P would need to raise a separate complaint directly to them about this issue, to give them the opportunity to respond to him. If Mr P is unhappy with their response, then he may be able to bring this new separate complaint to our service.

Before agreeing to approve the credit available to Mr P, Zopa needed to make proportionate checks to determine whether the credit was affordable and sustainable for him. There's no prescribed list of checks a lender should make. But the kind of things I expect lenders to consider include - but are not limited to: the type and amount of credit, the borrower's income and credit history, the amount and frequency of repayments, as well as the consumer's personal circumstances. I've listed below what checks Zopa have done and whether I'm persuaded these checks were proportionate.

The information showed that Mr P declared a gross annual income of £63,000. Although Mr P has said he never earned this amount, it's not clear why he would enter £63,000 as his gross annual income if he did not earn this, or believed he would earn this over the coming year. But Zopa did make further checks as a Credit Reference Agency (CRA) reported to Zopa that the salary matched the data from the bank account. So it would not have been proportionate here for Zopa to have completed further checks regarding his income, such as requesting his P60 or payslips.

The CRA reported that Mr P had no defaulted accounts, no County Court Judgements (CCJ's), and he had no active accounts in arrears at the time of the checks. Mr P had no arrears on any active accounts in the 12 months prior to the application checks.

The CRA informed Zopa that Mr P had active unsecured debt of £31,095, at the time of the checks. I know this slightly differs from the active unsecured debt Mr P has told us about, but this could be due to either a different CRA being used, or a different date being used for the checks, but regardless of this, I'm persuaded that Zopa acted upon information given to them by a CRA.

Mr P would have had an unsecured active debt to declared gross annual income of around 49.4%. The credit limit Zopa was approving was for £500, which would have been around 0.8% of Mr P's declared gross annual income. Mr P was showing as being within all of his credit limits at the time of the checks. There were some accounts he was showing as not using any of the credit limit, or only small amounts.

I've considered what Mr P has said about juggling his debts. But this wouldn't be apparent to Zopa. I say this as while he did take out a loan with them four months earlier, he had not opened any other lending facilities in the previous six months prior to the credit card being opened, based on the information provided by the CRA. He is showing as having a £1,500 overdraft on his bank account but at the time of the checks the CRA reported he was not overdrawn.

Zopa completed an affordability assessment for Mr P. They used information that Mr P had provided, modelling to estimate Mr P's outgoings - which is an industry standard way of estimating outgoings, and information from a CRA about Mr P's monthly credit commitments. The affordability assessment suggests that Mr P would comfortably be able to afford sustainable repayments for a £500 credit limit.

Zopa are not required to request further information such as bank statements from a

potential customer for each lending decision they make. This wouldn't be proportionate. And I'm not persuaded that it would have been proportionate for this lending decision for Zopa to have made further checks here, especially as he had no recent adverse information on his credit file including current or recent arrears, and he appeared to be managing his existing debt well.

So I'm persuaded that Zopa's checks were proportionate here, and they made a fair lending decision to approve the £500 credit limit.

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 can't conclude that Zopa lent irresponsibly to Mr P or otherwise treated him unfairly in relation to this matter. I haven't seen anything to suggest that Section 140A would, given the facts of this complaint, lead to a different outcome here.

### **My final decision**

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 13 March 2026.

Gregory Sloanes  
**Ombudsman**