

The complaint

Mr G has complained about information recorded on his credit file by Zopa Bank Limited.

What happened

Mr G held a credit card with Zopa with a credit limit of £2,300. His statements show that on 18 March 2025, his outstanding balance was £2,264.43 and estimated interest of £64.66 was due to be applied in April 2025.

The outstanding balance of Mr G's account was £2278.03 on 14 April 2025. Zopa then applied interest of £65.07 to his account, which took him over his agreed credit limit. The account balance remained £2,2343.10 until 11 May 2025, when Mr G paid £131.64 to bring the account back under the credit limit.

Mr G discovered that Zopa recorded that his account had exceeded the agreed credit limit on his credit file. Mr G complained to Zopa that it didn't make him aware that interest would push him over his credit limit, and said it was unfair this resulted in Zopa recording his account as over the agreed limit. Mr G said he'd spent years improving his credit file and this had put him back.

Zopa issued its final response to Mr G in July 2025. This said it recorded the outstanding balance of his account to credit reference agencies (CRAs) every 30 days. His balance had exceeded the agreed credit limit. Zopa said it had correctly applied interest in line with his credit agreement and the balance was correctly reported to the CRAs. It had no control over how CRAs then displayed that information.

Unhappy with this response, Mr G referred his complaint to our service. He said the information recorded on his credit file was misleading as he hadn't exceeded his credit limit due to financial mismanagement. He felt Zopa had breached the regulator's rules and recorded inaccurate information. Mr G asked for Zopa to remove the over limit records and confirm this would not happen again.

One of our investigators reviewed Mr G's complaint but didn't uphold it. They said Zopa had applied interest as a result of an outstanding balance being owed to it. Zopa doesn't send alerts to customers exceeding their limits, and it was Mr G's responsibility to monitor and manage his account.

Mr G said it was the interest that made him exceed his account limit, rather than spending. He said the application of interest by Zopa was not the same as him exceeding his credit limit through his own spending. Mr G asked for an ombudsman to review his complaint.

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 understand Mr G is unhappy Zopa didn't send alerts when he exceeded his credit limit.

However, it isn't for our service to tell Zopa to change how it operates. Instead, my role is to decide whether Zopa made an error that requires it to put things right.

Mr G hasn't disputed that Zopa is entitled to apply interest to the outstanding balance of his account. He has said it is, however, unfair that the interest caused him to exceed his credit limit and that this was reported on his credit file.

I appreciate it was the interest applied to Mr G's account that caused it to exceed the agreed credit limit. However, Zopa's statements showed the interest that was due to be applied to his account. As Zopa's March 2025 statement clearly showed the interest due in April 2025, I think it gave him reasonable notice this would be applied. It was then for Mr G to factor in the interest due to be applied and ensure he paid enough to cover the interest due, in addition to any transactions they wish to make. I can see that Mr G did make transactions in March 2025 that, along with the interest applied, increased the outstanding balance owed on his account from the balance shown on his March statement.

In line with the terms of his account, Zopa is entitled to apply interest to the outstanding balance owed even where the interest will cause the account to exceed the agreed credit limit. The interest is contractually owed to Zopa and it doesn't have to delay applying interest in order to prevent an account from exceeding the agreed credit limit.

So, Zopa was entitled to apply interest to the outstanding balance owed, even if the interest caused Mr G's account to exceed its agreed credit limit. In this situation, Zopa is still obliged to report the outstanding balance owed to it to the credit reference agencies.

I know Mr G feels Zopa has breached the regulator's rules to record information accurately and treat him fairly, but I've not seen that it made any errors here. I listened to Mr G's call with Zopa and sympathise that he spent years rebuilding his credit file. However, as I've not seen sufficient evidence to persuade me that the balance recorded on his credit file was incorrect, I've not asked it to remove or amend any information.

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 G to accept or reject my decision before 9 April 2026.

Victoria Blackwood
Ombudsman