

The complaint

Mr B says Zopa Bank Limited (Zopa) were unreasonable to default his finance agreement and seek to repossess a car he had been leasing with them.

What happened

The detailed background to this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

Mr B took receipt of a used car in September 2024. He financed the deal through a hire purchase agreement with Zopa.

When arrears accrued on the account Zopa defaulted it and terminated Mr B's finance agreement. They sought to repossess the car. Mr B complained that this was unfair. He said he'd been told the demand letters had been sent to the wrong address and that Zopa should have taken his personal circumstances into account and agreed a repayment plan.

Zopa didn't think they'd been unreasonable to default the account, but they did identify that their agent should have set up a repayment plan when they promised to, and that an agent had incorrectly suggested that notices were sent to the incorrect address when they hadn't been. On that basis they offered Mr B £75 in compensation.

Mr B referred his complaint to this service, but when our investigator thought Zopa's approach had been reasonable, Mr B asked for a final decision by an ombudsman.

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 agree with the investigator's view of this complaint and for broadly the same reasons.

Where the information I've got is incomplete, unclear, or contradictory, as some of it is here, I have to base my decision on the balance of probabilities.

I've read and considered the whole file, but I'll concentrate my comments on what I think is relevant. If I don't comment on any specific point, it's not because I've failed to take it on board and think about it but because I don't think I need to comment on it in order to reach what I think is the right outcome.

Mr B acquired his car under a hire purchase agreement, which is a regulated consumer credit agreement. This means our service is able to consider complaints about it.

The Information Commissioner's Office (ICO) says when a consumer is at least three months behind with payments then a default may be registered. And they'd expect a default to be registered by the time the consumer is six months behind with payments.

By the time Zopa decided to default this account Mr B was already more than three months in arrears so I don't think that action was wrong. To fail to default the agreement would risk prolonging the impact on Mr B's credit file.

While Zopa incorrectly informed Mr B that they'd sent the default and action letters to the wrong address, they didn't. They sent them to the address we and they have/had on file for Mr B. I understand that Mr B says he didn't receive them, but Zopa's systems show they were sent, and it wouldn't be fair to hold them accountable for any failings of the postal service. I think by that time it would have been very clear to Mr B that his account was in significant arrears and that formal action of this type would need to be taken.

When a consumer is in financial difficulties, we'd expect a business to be sensitive and sympathetic and to show some forbearance. Zopa provided breathing space and suspended interest on a few occasions, and they set up payment plans with Mr B too, so I think it did show some forbearance. It also made significant efforts to contact Mr B to discuss the arrears on the account but, for the most part, Mr B didn't respond.

I understand that losing the car will have a significant impact on Mr B and his family who are reliant on the family vehicle but I can't say Zopa were unreasonable to default and terminate Mr B's finance agreement when they did, and having done that I don't think Zopa needed to change that decision when Mr B resumed regular payments.

Zopa offered £75 compensation for the distress and inconvenience caused when they incorrectly advised letters had been sent to the wrong address and when they failed to set up a payment plan for Mr B. I think that was a reasonable level of compensation in the circumstances and I'm not asking them to do anything more.

My final decision

For the reasons I've given above, I don't uphold this complaint.

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

Phillip McMahon
Ombudsman