

Complaint

Miss W has complained about a credit card Zopa Bank Limited (“Zopa”) provided to her. She says the credit card was irresponsibly provided as it was unaffordable for her bearing in mind her existing indebtedness.

Background

Zopa provided Miss W with a credit card with a limit of £600 in January 2024. The limit on the credit card was never increased.

One of our investigators reviewed what Miss W and Zopa had told us. And she thought Zopa hadn’t done anything wrong or treated Miss W unfairly in relation to providing the credit card. So she didn’t recommend that Miss W’s complaint be upheld.

Miss W disagreed and asked for an ombudsman to look at the complaint.

My findings

I’ve considered all the available evidence and arguments to decide what’s fair and reasonable in the circumstances of this complaint.

We’ve explained how we handle complaints about unaffordable and irresponsible lending on our website. And I’ve used this approach to help me decide Miss W’s complaint.

Having carefully considered everything, I’ve decided not to uphold Miss W’s complaint. I’ll explain why in a little more detail.

Zopa needed to make sure it didn’t lend irresponsibly. In practice, what this means is Zopa needed to carry out proportionate checks to be able to understand whether Miss W could afford to repay any credit it provided.

Our website sets out what we typically think about when deciding whether a lender’s checks were proportionate. Generally, we think it’s reasonable for a lender’s checks to be less thorough – in terms of how much information it gathers and what it does to verify it – in the early stages of a lending relationship.

But we might think it needed to do more if, for example, a borrower’s income was low or the amount lent was high. And the longer the lending relationship goes on, the greater the risk of it becoming unsustainable and the borrower experiencing financial difficulty. So we’d expect a lender to be able to show that it didn’t continue to lend to a customer irresponsibly.

Zopa says it initially agreed to Miss W’s application after it obtained information on her income as well as her monthly living costs and also carried out a credit search on her. And the information obtained indicated that Miss W would be able to make the low monthly repayments due for this credit card. On the other hand, Miss W says that she shouldn’t have been lent to as she was in a poor financial position.

I've considered what the parties have said.

What's important to note is that Miss W was provided with a revolving credit facility rather than a loan. This means that Zopa was required to understand whether a credit limit of £600 could be repaid within a reasonable period of time, rather than all in one go. And a credit limit of £600 required relatively low monthly payments in order to clear the full amount owed within a reasonable period of time.

I've seen records of the information Zopa obtained from Miss W about her income and what was on the credit search carried out. Zopa says that Miss W declared an annual salary of £40,000.00 and paid £750 a month towards housing costs. Zopa's credit check did indicate that Miss W had had previous difficulties with credit in the form of a defaulted account. However, this appeared to be historic as it was from 2022 and the credit search also showed that Miss W's existing credit wasn't excessive in comparison to her declared income.

In these circumstances, I don't think that Miss W's previous difficulties mean that she shouldn't have been lent to in the way that she suggests. Ultimately, it was up to Zopa to decide whether it wished to accept the credit risk of taking on Miss W as a customer provided it was reasonably entitled to believe that the credit was affordable and it reasonably mitigated the risk of harm to her going forward. I'm satisfied that Zopa did mitigate this risk by providing Miss W with a low credit limit to begin with.

I accept that Miss W appears to be suggesting that her actual circumstances may not have been fully reflected either in the information he provided, or the information Zopa obtained.

Miss W has referred to what she considers to be indicators of the fact that she was struggling to manage credit. I'm sorry to hear to hear about Miss W's difficulties. However, Miss W is relying on a copy of her full credit report when making these arguments. Lenders do not obtain a copy of a customer's full credit report when determining whether to lend to a customer.

Typically, a lender will obtain a snapshot of what the customer owed, whether there was any significant adverse information – such as defaulted accounts or county court judgments - recorded against them and whether the customer is up to date with their payments on any active accounts at the time of the application. Zopa did that here. Equally, I don't consider it fair and reasonable to expect it to have included information it couldn't have known about when making its lending decision.

Furthermore, while Miss W may disagree with this, I do think having a monthly disposable income of almost half the credit limit granted was sufficient for Zopa to conclude Miss W could repay this credit card without the repayments having a significant adverse impact on her situation. So I don't think that Zopa did lend contrary to the regulatory rules that Miss W has referred to.

In reaching my conclusions, I've also considered whether the lending relationship between Zopa and Miss W might have been unfair to Miss W under section 140A of the Consumer Credit Act 1974 ("CCA").

However, for the reasons I've explained, I've not been persuaded that Zopa irresponsibly lent to Miss W or otherwise treated her unfairly in relation to this matter. And I haven't seen anything to suggest that section 140A CCA or anything else would, given the facts of this complaint, lead to a different outcome here.

Overall and having considered everything, while I can understand Miss W's sentiments and I'm sorry to hear about her situation, I'm satisfied that Zopa carried out proportionate checks

before providing this credit card to Miss W. So I don't think that Zopa treated Miss W unfairly or unreasonably and I'm not upholding this complaint. I appreciate this will be very disappointing for Miss W. But I hope she'll understand the reasons for my decision and that she'll at least feel her concerns have been listened to.

My final decision

For the reasons I've explained, I'm not upholding Miss W's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss W to accept or reject my decision before 2 March 2026.

Jeshen Narayanan
Ombudsman