

The complaint

Mr S complains about Zopa Bank Limited's decision to terminate his finance agreement.

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 S entered into a hire purchase agreement with Zopa Bank Limited (Zopa) on the 25 March 2025 to finance a vehicle. The first payment was made, but payments due in May, June and July 2025 were missed. Zopa issued arrears notices giving Mr S until the 11 August 2025 to bring the account up to date. No payment was received so the account was defaulted on the 18 August 2025. Zopa also attempted to contact Mr S by e-mail and telephone before and around the time of default.

Mr S said his bank account had been compromised and that had led to the missed payments. He thought Zopa should have taken this into account. He has also said there was confusion about whether the agreement was a hire purchase agreement or a personal loan. He wanted Zopa to clear the arrears and remove the default but Zopa thought they'd done nothing wrong. They said they had followed their usual process, issued the required notices and attempted to contact Mr S before defaulting the account.

When Mr S referred his complaint to this service our investigator didn't think Zopa needed to take any action. Mr S has asked for a 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.

There's no dispute that Mr S missed several contractual payments and did not make any payment to clear the arrears within the period set out in the default notice.

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.

Zopa issued a default notice in line with that guidance and the Consumer Credit Act 1974. They allowed time for the arrears to be remedied. As the arrears were not cleared, Zopa was entitled to register a default.

I was sorry to hear Mr S's bank account had been compromised. While I appreciate this would have been a difficult situation, there's no evidence that Zopa was made aware of this before the deadline set out in the default notice. In those circumstances, I don't think it would be fair to say Zopa should have acted differently when it had not been given the opportunity to consider those circumstances at the relevant time. Even if I were to accept that Zopa had been aware that Mr S's bank account had been compromised before the default was registered, this would not change my overall findings. While I recognise that such circumstances are outside of Mr S's control, they do not remove his contractual obligation to make payments under the agreement or to take steps to address any missed payments. In those circumstances, I'd expect Mr S to make alternative payment arrangements or engage with Zopa to agree a way forward within the time allowed by the default notice.

Mr S has explained that the agreement is described as a personal loan on his Zopa app and that he thought he had a hire purchase agreement. The signed agreement clearly sets out that this was a hire purchase agreement and I've not seen evidence that any confusion about this caused the missed payments or the default. Overall, I'm satisfied that Zopa followed a fair and reasonable process before registering the default and that the information recorded reflects Mr S's payment history. I don't, therefore, require Zopa to take any action

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 S to accept or reject my decision before 22 May 2026.

Phillip McMahon
Ombudsman