

The complaint

Mr D has complained that Zopa Bank Limited, were irresponsible when providing him with a loan.

Mr D is supported in bringing this complaint by a representative. But, for ease, I'll refer to actions and submissions as being those of Mr D himself.

What happened

Zopa provided Mr D with a loan in October 2021 for £6,500. This was to be repaid over five years, with monthly payments of around £178.

Mr D says the lending decision was irresponsible. He says the checks carried out were insufficient, and a more thorough check would have revealed that the required repayments were unaffordable.

Mr D also says that Zopa didn't support him, after he made it aware that he was in financial difficulties.

Zopa reviewed Mr D's complaint and didn't uphold it. It was satisfied that appropriate checks were carried before approving the loan and felt that there was no indication that the repayments were unaffordable.

An investigator then reviewed the merits of Mr D's complaint, and didn't recommend it be upheld.

Because an agreement couldn't be reached, Mr D asked for an ombudsman to decide.

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.

Having done so, I'm not upholding this complaint, and I'll explain why.

The rules and regulations in place at the time Zopa provided Mr D with the loan required it to carry out a reasonable and proportionate assessment of whether he could afford to repay what he owed in a sustainable manner. This is sometimes referred to as an 'affordability assessment' or 'affordability check'.

The checks had to be 'borrower' focused. This means Zopa had to think about whether repaying the credit would cause difficulties or adverse consequences for Mr D. In other words, it wasn't enough for Zopa to consider the likelihood of it getting the funds back – it had to consider the impact of any repayments on Mr D.

Checks also had to be 'proportionate' to the specific circumstances of the lending. In general, what constitutes a proportionate affordability check will be dependent on a number of factors including – but not limited to – the particular circumstances of the consumer (e.g. their financial history, current situation and outlook, any indications of vulnerability or financial difficulty) and the amount/type/cost of credit they were seeking. I've kept all of this in mind when thinking about whether Zopa did what they needed to before providing the loan.

In his application Mr D declared an annual salary of £50,000. Zopa performed checks through a credit reference agency (CRA), which identified existing debts of around £13,000 in addition to a mortgage. There were no recent adverse markers on his CRA file, and all existing accounts were up to date.

The CRA also verified Mr D's income and calculated this to result in a net monthly income of around £3,100.

Zopa concluded that there was nothing to indicate financial difficulty and felt the repayments were affordable.

I've reviewed the information referred to above and completed my own affordability assessment. Having done so I am comfortable that Zopa took a reasonable approach.

It used verified figures where available, and reasonably calculated figures where they weren't. This included repayments towards existing debt and cost of living expenses.

Based on the information Zopa gathered and what it knew about Mr D's circumstances, there was nothing to suggest he would be unable to sustainably repay what he was being lent.

Therefore I don't consider Zopa were irresponsible when providing this loan.

In addition to the lending decisions, Mr D is also unhappy with Zopa's support, stating that he felt it didn't offer any meaningful help

There are no defined actions that a lender, Zopa in this case, must take. But it should be proportionate and take Mr D's individual circumstances into account.

I can see that when Zopa became aware that Mr D was having trouble with the repayments, it discussed his circumstances and offered to complete an income and expenditure assessment, with a view to set up a repayment plan. I think this is fair.

Mr D has shared information with regards to his health and I thank him for his openness. In considering whether Zopa took a reasonable and proportionate approach, I need to consider the information that was available to it at the time. So whilst I understand that Mr D's income wasn't stable at the time of the application, I consider the checks that Zopa did to verify what was declared, were both reasonable and proportionate.

In conclusion, whilst it will come as a disappointment to Mr D, I don't think Zopa were irresponsible when providing this loan. I'm also comfortable with its approach to supporting Mr D, once it became aware of his difficulties.

Whilst I'm not upholding this complaint, I'd like to remind Zopa of its obligation to continue to exercise forbearance moving forward as Mr D is experiencing financial difficulty. I would also encourage Mr D to keep in regular contact with Zopa about any difficulties he's facing.

In reaching my decision, I've also considered whether the lending relationship between Mr D and Zopa might have been unfair to Mr D under Section 140A of the Consumer Credit Act 1974 ("CCA"). However, for the reasons I've already explained, I'm currently satisfied that Zopa did not lend irresponsibly when providing Mr D with the loan, or otherwise treated him unfairly in relation to this matter. And I haven't seen anything to suggest that Section 140A of the CCA would, given the facts of this complaint, lead to a different outcome here.

My final decision

For the reasons outlined above, it's my final decision that I don't uphold this complaint against Zopa Bank Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 23 March 2026.

David Barker
Ombudsman