

The complaint

Miss P is unhappy with how Zopa Bank Limited (ZBL) treated her when she was suffering from financial and health difficulties.

What happened

In February 2024, Miss P acquired a used vehicle through a hire purchase agreement with ZBL. The cash price of the vehicle was £13,750.00. A deposit of £2,100.00 was paid. The total amount payable on the agreement was £16,857.91. This was to be repaid by 36 monthly instalments of £409.94.

In summary, Miss P explained that she'd encountered some trouble keeping up with repayments due to her personal circumstances and mental health difficulties. These were made worse by events out of her control. This led to ZBL defaulting the account and looking to repossess the vehicle. Miss P explained that her mental health condition was not taken into account, and she was not treated in line with FCA guidance on vulnerable customers.

Miss P complained to ZBL about the situation. In its final response, ZBL did not uphold the complaint. It said the default had been applied correctly and that it would not remove the default or stop repossession action.

As she was unhappy with this, Miss P brought her complaint to this service, where it was passed to one of our investigators. The investigator did not uphold the complaint. They explained ZBL hadn't acted incorrectly applying the default and didn't act unfairly in relation to Miss P's mental health condition.

Miss P disagreed with this and supplied supporting information around the guidance on dealing with vulnerabilities.

The investigator considered the information, but this did not change the outcome. As such, I've been asked to review the complaint to make a final decision.

Firstly, I wanted to set out that I've kept in mind what Miss P has told us about her mental health condition, how this has affected her, and the really difficult circumstances she found herself in.

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'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.

The way ZBL have considered Miss P' vulnerabilities, including how these were logged, and the support offered appears to be the main issue Miss P is unhappy with. I've summarised a brief timeline of events below for reference.

During the agreement, Miss P had some payments fail, that were then later made up by manual payments. There were then further missed payments. Miss P explained that she'd been away from work due to a bereavement and explained she could clear arrears and a promise to pay was set up. Miss P made a payment towards the agreement following this. Following this, conversations took place with ZBL regarding the arrears. ZBL explained the risk of default. Another payment was made.

This was followed by further contact changing payment dates and completing income and expenditure forms. Risk of default and repossession of the vehicle along with options to exit the agreement were discussed. This was followed by ZBL attempting contact, with Miss P then requesting a payment date change and setting up a repayment plan starting in November 2024.

The payment towards the plan failed, and as such, the plan ended. This was followed by Miss P contacting ZBL in December 2024 to set up another payment plan. During December a payment was made towards the agreement with a promise to pay set up for the remainder of that monthly payment alongside a six-month payment plan being set up due to start in January 2025.

A default notice was issued in early January 2025 due to the activity on the account. Following this Miss P contacted ZBL and was told the repayment plan was cancelled due to missing the monthly contractual payment due. A hold on arrears contact was agreed for 30 days. Contact was then re-established, with another 30 day hold being agreed in February 2025.

Following this, attempts at contact were made, and another payment plan set up. This was followed by payment reminders, arrears notice and a default notice. In April 2025 as the plan appeared to fail.

In May 2025, another promise to pay was set up, and when the payment wasn't made, a default notice was issued. There was then contact through live chat, in which Miss P has explained she had to leave the chat as her mother was admitted to hospital. Following the chat ending, ZBL defaulted the account in May 2025.

I've carefully reviewed the complaint and available evidence, and as mentioned above, have kept in mind what Miss P had told ZBL about her personal circumstances.

Having done this, I am not persuaded that ZBL have acted unfairly in how they have considered Miss P's specific circumstances, or in applying the default. I say this because ZBL have made Miss P aware of the potential action that could be taken regarding the defaulting of the account both in correspondence with her, and in the agreement itself.

However, I've not just thought about if the default was technically applied correctly, but were ZBL acting fairly when they applied it, knowing what they did about Miss P and her account. I'm persuaded they did act fairly as I can see ZBL were working with Miss P to try to help her get back on track in arranging payment plans, amending payment dates to try to provide additional support and time to pay, holds on contact and updating notes around their conversations and her vulnerability. ZBL also discussed Miss P's situation with her on occasions and tried to provide additional support and options where possible.

So, having reviewed the calls, notes and contact available, I do think ZBL were trying to work with Miss P to help keep the agreement running for a good amount of time, and I do think from what I've seen they were considering the impact on Miss P of what she'd told them. Miss P has raised FCA vulnerability guidance in regards to keeping vulnerability reassessed, notes being kept up to date and giving enhanced consideration to vulnerable customers. Miss P raised that she was not flagged as a vulnerable customer on ZBL's system until after the default was applied.

I can understand why Miss P would raise this point, however, I'm persuaded that ZBL did fairly assess her circumstances, as information about the conversations and her circumstances formed notes and were recorded in calls.

ZBL could well have 'flagged Miss P as a vulnerable customer earlier in the process, however the way ZBL have acted in relation to Miss P and her specific circumstances does not appear to have been affected by this as explained above by ZBL's willingness to try to support Miss P and to keep discussing her position and circumstances as well as her vulnerabilities. There do also appear to have been vulnerability notes updated on Miss P's customer profile. Considering all the available information, I'm persuaded that ZBL have not acted unfairly here and have taken her situation into account.

Alongside this, Miss P raised that ZBL didn't reassess vulnerability before issuing the default and that the timing of the default didn't take into account her circumstances at the time. As I've outlined above, I'm persuaded that ZBL have acted fairly in how they have dealt with Miss P considering her vulnerabilities. I appreciate the difficult time that Miss P encountered, with her mother being admitted to hospital.

I can't see that ZBL were aware of this, and had offered previous attempts at promises to pay, and payment plans that were unsuccessful. At a certain point, a responsible lender has an obligation to not let arrears continue to spiral and build and this may result in action such as the account being defaulted. This can also be the right course of action when a customer is vulnerable. I'm persuaded that considering the actions taken previously by ZBL, they didn't act unfairly on these points.

It is for the reasons outline above, that whilst I appreciate why Miss P is unhappy at the actions taken and support offered, I am persuaded that ZBL have acted fairly in applying the default, and acted fairly in dealing with Miss P's personal circumstances.

My final decision

For the reasons explained, I don't uphold Miss P's complaint about Zopa Bank Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss P to accept or reject my decision before 23 February 2026.

Jack Evans
Ombudsman