

## **The complaint**

Mr B says Zopa Bank Limited irresponsibly lent to him.

## **What happened**

Mr B took out a loan for £1,000 over 24 months on 10 September 2025. The monthly repayments were £56.52 and the total repayable was £1,356.48.

Mr B says Zopa's lending decision was irresponsible - his loan application was approved in only ten minutes, so proper checks cannot have been completed. He was struggling with problematic gambling at the time; was on half pay; and had opened multiple lines of credit, so he should not have been given this loan.

Zopa says it completed proportionate, automated checks that showed the loan was affordable for Mr B.

Our investigator did not uphold Mr B's complaint. She found Zopa's checks were appropriate and that it made a fair lending decision. She noted the other lending Mr B referenced was either taken out on the same day or after this loan, including the Zopa credit card. The lender could not fairly be expected to have taken these lines of credit, and their repayments, into account.

She explained that Zopa uses automated, digital processes to assess its loan applications. As she'd found it had gathered enough information, the speed at which it had done so didn't indicate there was an issue. And she was satisfied that when Mr B notified Zopa of his problematic gambling on 1 October 2025 it responded appropriately.

Mr B disagreed with this assessment and asked for an ombudsman's review.

## **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.

Our approach to unaffordable/irresponsible lending complaints is set out on our website and I've followed it here.

The rules and regulations when Zopa arranged the loan for Mr B 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 an affordability check.

The checks also had to be borrower-focused. So Zopa had to think about whether repaying the credit sustainably would cause any difficulties or adverse consequences for Mr B. In other words, it wasn't enough for Zopa to simply think about the likelihood of it getting its money back, it had to consider the impact of the repayments on Mr B. Checks also had to be proportionate to the specific circumstances of each loan application.

In general, what makes up a proportionate affordability check will be dependent upon a number of factors including – but not limited to – the particular circumstances of the consumer (e.g. their financial history, current situation and outlook, and any indications of vulnerability or financial difficulty) and the amount, type and cost of credit they have applied for. In light of this, I think that a reasonable and proportionate check ought generally to have been more thorough:

- the lower a customer's income (reflecting that it could be more difficult to make any repayments to credit from a lower level of income);
- the higher the amount due to be repaid (reflecting that it could be more difficult to meet higher repayments from a particular level of income);
- the longer the period of time a borrower will be indebted for (reflecting the fact that the total cost of the credit is likely to be greater and the customer is required to make repayments for an extended period).

There may also be other factors which could influence how detailed a proportionate check should've been for a given application – including (but not limited to) any indications of borrower vulnerability and any foreseeable changes in future circumstances. There was however no set list of checks Zopa had to complete.

I've kept all of this in mind when thinking about whether Zopa did what it needed to before agreeing to lend to Mr B. So to reach my conclusion I have considered the following questions:

- did Zopa complete reasonable and proportionate checks when assessing Mr B's loan application to satisfy itself that he would be able to repay the loan in a sustainable way?
- if not, what would reasonable and proportionate checks have shown?
- did Zopa make a fair lending decision?
- did Zopa act unfairly or unreasonably in some other way?

I can see Zopa asked for some information from Mr B before it approved the loan. It asked for details of his employment status and income and residential status and housing costs. It verified his declared income externally. It also checked his credit file to understand his credit history and existing credit commitments. It asked about the purpose of the loan which was 'car'. From these checks combined Zopa concluded the loan would be sustainably affordable for Mr B.

I think these checks were proportionate given the loan value and term, the monthly repayment relative to Mr B's verified income and the results of these initial checks. And I think Zopa made a fair lending decision based on the information it gathered. I'll explain why.

Mr B declared a gross annual income of £38,000 and Zopa was able to verify this through one of the credit reference agencies, so it understood he had a net monthly income of £2,462.04. Mr B evidenced that he moved onto half pay from September 2025. But there was no way Zopa would have known this, unless Mr B disclosed it. Even had it asked him for proof of income, his most recent payslip from August 2025 would have shown his full pay. Mr B declared housing costs of £150. He has challenged Zopa using this figure, saying it was not credible – he may have declared it, but he was desperate at the time. Zopa has said where available it checks declared rent using rental verification data. It has not made clear if it did this in this case. As Mr B declared he was living with parents on his Zopa credit card application just two days later I assume this was also his situation at this time, so any further checks would likely have shown it was therefore plausible. It estimated his living costs to be £725 using national statistics. The credit check showed his existing credit commitments were

£113.10 a month. So, I think it was reasonable for Zopa to conclude the loan was affordable for Mr B on a pounds and pence basis.

But Zopa also had to be sure making the repayments over the term of the loan was sustainable for Mr B. The credit check showed he had very little debt – £2,125 across five active accounts – a loan, budget account, credit card and two current accounts. They were all up-to-date, with no arrears in the last 12 months. He was using less than 15% of his available revolving credit and had no overdraft. He had no payday loans. There was no adverse data such as defaults or CCJs evident. So, I cannot see there were any indicators of financial strain that Zopa overlooked.

Mr B has mentioned other lines of credit but as the investigator clarified these were not open when Mr B applied for this loan so are not relevant to this case. Similarly, the loan he opened on the same day would not show on his credit file so Zopa would not be aware and able to take it into account.

Mr B also told us his gambling was problematic at the time but from the evidence I have seen Zopa was not aware of this until 1 October 2025. At that point it signposted appropriate support. As it is now aware of this vulnerability it needs to consider the appropriate way to work with Mr B to repay his debt, including the relevant forbearance options assuming he remains in financial difficulties as he says.

In the round, I do not think Zopa was wrong to lend to Mr B.

*Did Zopa treat Mr B unfairly in some other way?*

Mr B feels not enough time was spent on the lending checks - they were completed so quickly, they cannot have been adequate. But as I've explained above I find they were proportionate, and the fact lender used automated, digital means to gather and analyse the information quickly does not change that finding.

I am sorry this loan has caused Mr B such distress, but for the reasons set out above I cannot fairly find any failings on the part of Zopa. I hope Mr B now has the support he needs, if not the investigator gave details of a number of organisations that can help.

### **My final decision**

I am not upholding Mr B's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 3 February 2026.

Rebecca Connelley  
**Ombudsman**