

## **The complaint**

Mr B complains that Zopa Bank Limited gave him a credit card he couldn't afford to repay.

## **What happened**

On 12 September 2025 Zopa agreed a £500 credit card limit.

Mr B has said he doesn't believe Zopa completed proportionate checks before agreeing the credit card limit. Mr B has said he had taken out a number of different credit facilities in the weeks leading up to this application. This included a loan with Zopa for £1,000 two days prior to the credit card in question. Mr B believes Zopa should have completed further checks given he was taking on so many credit facilities within such a short period of time.

Zopa considered his complaint but disagreed. It said that it completed proportionate checks before agreeing to lend and as a result of those checks, it was reasonable to lend.

Unhappy with Zopa's response, Mr B referred his complaint to our service. One of our investigators considered the complaint but didn't uphold it. They also felt Zopa had completed proportionate checks and based on the results of those checks it had made a fair lending decision.

Mr B didn't agree with the investigator's assessment. He reiterated that he had taken out a number of loans in the weeks leading up to this application, including a loan with Zopa. He felt that Zopa should have reviewed information from all three credit reference agencies before agreeing this loan. In addition, he argued he was receiving a reduced income when the credit was agreed. Mr B asked for an ombudsman to consider the complaint and reach a final decision.

## **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 going to uphold this complaint. I appreciate this will be disappointing for Mr B. I've set out below why I've reached this decision.

We've explained how we handle complaints about unaffordable and irresponsible lending on our website. I have used this approach to help me decide Mr B's complaint.

Zopa needed to make sure it lent responsibly to Mr B. It therefore needed to complete sufficient checks to determine if Mr B could afford to sustainably repay the lending. Our website sets out our approach to what we typically think when deciding if a lender's checks were proportionate. There is no set list of checks a lender should do, but there is guidance on the types of checks a lender could complete. However, these checks needed to be proportionate when considering things like the amount and term of the lending, what the lender already knew about the consumer, etc.

Before agreeing this credit card, Zopa has said it asked Mr B for details of his income. He declared he was employed full time and earning £38,500. Zopa verified that he was receiving a minimum threshold of income using credit reference agency information. In addition, it asked Mr B for housing costs which he declared as £400 and residential status which he declared as living with parents.

It also completed a credit search to explore Mr B's existing commitments and how he was managing these accounts. The results of the credit search showed he had an existing budget card with a balance of £122 against an agreed limit of £200. In addition, he had a loan with an outstanding balance of £2,003. He was due to make monthly repayments towards this loan of £107 per month. Zopa has said Mr B had no recent CCJs or arrears and all accounts were up to date.

I've also considered the existing loan Mr B took with Zopa two days prior to this application. However, this was also for a relatively low amount of £1,000 and the declared purpose of this loan was for a car. So, I don't think Zopa should have had concerns about Mr B coming back for further credit so quickly in these circumstances. I think it's reasonable Mr B could have purchased the car and subsequently needed a credit card without this suggesting wider difficulties. Particularly given the low credit amounts in question and the other information recorded on his credit file. So I don't think Zopa needed to complete further checks in light of this.

Taking everything into consideration, I think Zopa completed proportionate checks before agreeing the limit in question. I'm mindful that it was a relatively low limit which was agreed, of £500. And Zopa had taken steps to explore his income, living circumstances and housing costs. It had also considered his existing credit commitments and how he was managing these commitments.

I'll now consider if, based on the information the checks revealed, Zopa made a fair lending decision.

I've considered Mr B's declared income (which Zopa completed some verification on) and Mr B's declared housing costs and existing credit repayments (including his Zopa loan repayments). Having done so, I think this would have suggested that Mr B had sufficient remaining income to meet his regular living costs and afford to repay the credit card limit given. Mr B's credit file also didn't suggest he was having trouble managing his existing commitments. And so, taking everything into consideration I think it was reasonable for Zopa to agree this credit card. So I think Zopa made a fair lending decision.

Mr B has argued he was taking out credit at this time to fund his problem gambling, and he had recently taken out a number of additional credit facilities which weren't featured on his credit search results. I'm sorry to hear about Mr B's wider circumstances and the challenges he was experiencing. However, given how recently the other credit facilities were taken, it's likely that they hadn't been reported to Mr B's credit file yet. And this is why they didn't feature on the credit search results Zopa gathered. I appreciate Mr B has said Zopa should have looked at different credit reference agencies. However, I don't think it would have been proportionate for Zopa to complete several credit searches with different credit reference agencies. And in any event, given how recent the applications were, it's unlikely they would have been reported to the other credit reference agencies. I think Zopa was entitled to rely on the credit search results it gathered and based on these results, it was reasonable to lend.

I'm also mindful that Mr B has said his pay had been reduced to half pay from September 2025. However, he declared to Zopa he was working full time and earning £38,500. Zopa has said it verified that Mr B was earning at least a minimum amount through credit

reference agency information. And as explained above, taking into consideration the size of the credit limit given and the other information Zopa gathered, I think these checks were proportionate.

In addition, I don't see how Zopa could have uncovered Mr B's pay had reduced to half pay from September 2025. I'm mindful that Mr B didn't declare this and actually declared circumstances consistent with receiving full pay. In addition, even if Zopa had asked Mr B for payslips to verify his actual income (which I don't think was proportionate in any event), Mr B's most recent payslip would have been his August 2025 payslip. This payslip shows Mr B was in receipt of full pay as it didn't reduce until the following month. So, I don't think this impacts on the outcome of this complaint as I don't think reasonable and proportionate checks would have likely uncovered Mr B's reduction in pay.

I appreciate that Mr B's actual position may not have been revealed from the information gathered. However, whilst this is unfortunate, I'm mindful that Zopa was only required to complete reasonable and proportionate checks. I think Zopa took these steps and based on the information these checks revealed, it made a fair lending decision.

I've considered whether the relationship might have been unfair under s.140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I don't think Zopa lent irresponsibly to Mr B or otherwise treated him unfairly. I haven't seen anything to suggest that Section 140A or anything else would, given the facts of this complaint, lead to a different outcome here.

### **My final decision**

My final decision is 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 B to accept or reject my decision before 17 March 2026.

Claire Lisle  
**Ombudsman**