

The complaint

Mr B complains that Zopa Bank Limited acted unfairly when it terminated his hire purchase agreement.

What happened

In January 2025, Mr B acquired a used car paid for by a hire purchase agreement from Zopa. The cash price of the car was £9,739. Mr B was required to pay 60 monthly repayments of £257.85.

Mr B failed to pay the monthly repayments that were due in June and July 2025. Zopa sent him a notice of default in the post and Mr B then contacted Zopa in late July 2025 to say that he had been the victim of fraud on his bank account and therefore had no access to the funds in that account.

In August 2025, Mr B called Zopa and made a small partial repayment towards the arrears of around £50. The August 2025 repayment was then not paid so Zopa sent another notice of default to Mr B as he was now three payments in arrears. The notice said that Mr B would need to pay back all of the arrears by 7 September 2025 and if he didn't, Zopa might terminate the agreement and seek to recover the car.

Mr B called Zopa on 11 September 2025. He told Zopa that his relative had passed away and he had needed to pay for their funeral. Mr B was placed on hold by Zopa and after waiting several minutes, Mr B ended the call. Mr B then called Zopa back the following day. Zopa informed him that the agreement had been defaulted that day and it wouldn't reverse its decision.

Mr B complained to Zopa about the default. He said his circumstances had not been taken into consideration and that Zopa had treated him unfairly. Mr B said when he called in September, he had been prepared to pay back enough to avoid the default but on the first call the advisor was unhelpful and on the second he was informed he was too late by one day.

Zopa agreed it could have handled one of the calls better and agreed to pay him £60 compensation for any distress and inconvenience this had caused. However, it didn't think it had acted unfairly in applying the default and terminating the agreement.

Our investigator didn't recommend the complaint be upheld. She was satisfied that Zopa was entitled to take the action that it did based on Mr B's repayment history and she didn't think it had acted unfairly towards him.

Mr B didn't agree. In summary, he said:

- Had Zopa not provided a poor level of service during the call on 11 September 2025, he would have paid off a sufficient amount of the arrears to prevent a default. Zopa did not attempt to call him back after he ended the call. If Zopa had returned his call on 11 September 2025 he would now be in a different position as the default would

not have happened. The default has therefore been directly caused by Zopa's service failures.

- Zopa provided inconsistent information to him about exactly what date the default was applied. The default can't be considered to be properly executed. A letter about his arrears he received in December 2025 shows he was only 2 monthly payments in arrears which went against industry guidance on when defaults should be applied. It also demonstrates the inconsistent information Zopa provided to him.

As there was no agreement, the complaint has been passed to me for a 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.

Zopa sent Mr B a default notice dated 19 August 2025. It gave him a little over two weeks to pay back all of the arrears, which at the time stood at £773.55. It said that failure to pay the arrears might result in the agreement being terminated, a default being registered and the car being repossessed. As Mr B did not pay his June, July and August 2025 repayments (and was therefore three months in arrears) and did not pay off the arrears in the timeframe Zopa set out, my starting point is that Zopa was entitled to take the action that it did.

Mr B says that Zopa failed to take into account his specific circumstances and that his repayment difficulties were only temporary and caused by situations largely out of his control. Mr B says that he was unable to use his bank account due to fraud that had taken place on the account. He says once his funds were released to him, his close relative sadly passed away, and he needed to use his available funds to pay for the funeral. Further, he says that Zopa's poor customer service during a call in September 2025 prevented him from paying off the arrears and avoiding the default and that when he offered to do this one day later, Zopa acted unfairly in not allowing him to do this.

I'm sorry to hear about the difficult personal circumstances Mr B went through during this time, and I appreciate it will have made managing his finances challenging. However, I don't think Zopa acted unfairly or unreasonably when it defaulted the agreement. I've set out my reasoning for reaching this conclusion below.

I've listened to the two calls Mr B made to Zopa in September. In summary, during the first call Mr B had disclosed some sensitive personal information to Zopa and the call handler failed to acknowledge what Mr B had said in any meaningful way and then placed him on hold for several minutes. Mr B then ended the call after being on hold for around five minutes. Zopa has already accepted the service could have been better during the first call and has agreed to pay Mr B £60 compensation for any distress and inconvenience this caused him. I consider that to be a fair way to put right the poor way that call was dealt with.

During the second call Mr B said that he had been prepared to pay a sum in the region of £100 the day before to prevent the default and it was only down to Zopa's poor handling of the call that prevented him from doing so. However, I haven't seen anything to persuade me that a payment in the region of £100 the day before would have prevented the default anyway.

It seems clear from the second call that Mr B would have needed to repay at least one contractual monthly payment to have prevented the default the day before, a sum he confirmed in the second call he would not have been able to afford in the timeframe that was required. I'm therefore persuaded that even if Zopa had handled the first call better Mr B

would be in no materially different position to the one he is in now. This is because Zopa would always have defaulted the account anyway as Mr B would not have been able to make sufficient payments to prevent it.

I'm further persuaded on that point because Mr B has made no further payments towards the agreement since the account defaulted despite assuring Zopa in several calls he would be in a position to make more substantial repayments in the short term.

I've thought about whether Zopa ought to have given Mr B more time given the personal circumstances he described. However, I've seen that Mr B made previous promises that he'd be able to pay the arrears which he didn't stick to (albeit he says for reasons outside of his control) and that Zopa asked him to complete an income and expenditure form which he didn't return. So, I can see why Zopa might have been concerned that Mr B wasn't going to be able to make up the arrears if it did give him longer.

Further, the fact that Mr B has made no payments towards the outstanding balance since the small partial payment in August 2025 undermines his argument that he would have been able to settle the arrears if he'd been given a few more weeks. His subsequent actions don't support that to be the case. I've therefore seen no compelling reason to suggest it was unfair or unreasonable for Zopa to have defaulted the agreement when it did.

While Mr B has raised concerns about the inconsistent dates Zopa has referred to when discussing when the default was actually applied, I don't think that makes any material difference to the outcome here. This is because I'm persuaded, for the reasons given, that it wasn't unfair or unreasonable for Zopa to default the account. Further, I've not seen anything to persuade me that giving Mr B more time to settle the arrears would most likely have prevented the default from being applied.

Lastly, Mr B says that the latest arrears notice he's had from Zopa shows that they have been inconsistent with the size of the arrears. He says the latest letter only shows £559.59 arrears which is less than three months payments. He says this shows no default should have been applied. However, Mr B has misinterpreted the information in the letter. The letter shows that Mr B is £1,075.29 in arrears. The arrears amounts are split into two separate time periods. It lists the arrears up to and including July 2025 as £515.70 and the further additional arrears since that date as £559.59. I'm therefore satisfied that the information Zopa has provided to Mr B about the arrears are both correct and consistent.

My final decision

For the reasons given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 16 February 2026.

Tero Hiltunen
Ombudsman