

The complaint

Miss B complains that Zopa Bank Limited irresponsibly lent to her.

What happened

Miss B was approved for a Zopa credit card in January 2024, with a £500 credit limit. Miss B says that this was irresponsibly lent to her. Miss B made a complaint to Zopa, who did not uphold her complaint. They said they were confident their decision to open the account (with a £500 credit limit) was appropriate and affordable. Miss B brought her complaint to our service.

Our investigator did not uphold Miss B's complaint. He said Miss B had the affordability to make repayments for a £500 credit limit. Miss B asked for an ombudsman to review her complaint. She said that she had a severe history of missed payments prior to the Zopa application (35 in total), she had defaulted with her energy supplier, with a large amount of debt that was accumulated with them prior to the Zopa credit card being opened, and she was missing payments to her energy supplier on an almost monthly basis, which if Zopa would have carried out further checks, they would have seen.

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.

Before agreeing to approve the credit available to Miss B, Zopa needed to make proportionate checks to determine whether the credit was affordable and sustainable for her. There's no prescribed list of checks a lender should make. But the kind of things I expect lenders to consider include - but are not limited to: the type and amount of credit, the borrower's income and credit history, the amount and frequency of repayments, as well as the consumer's personal circumstances. I've listed below what checks Zopa have done and whether I'm persuaded these checks were proportionate.

I've looked at what checks Zopa said they did when initially approving Miss B's application. Zopa said they looked at information provided by a Credit Reference Agency (CRA) and information that Miss B had provided before approving her application.

Miss B declared a gross annual income of £40,000. The CRA did report Miss B had previously defaulted on three credit agreements in the past, with the last defaults being registered in 2022. The CRA reported that these were for a loan, a communications supplier, and a credit card, and not an energy supplier.

It may help to explain here that, while information like a default on someone's credit file may often mean they're not granted further credit – they don't automatically mean that a lender won't offer borrowing. So I've looked at what Zopa's other checks showed to see if they made a fair lending decision here.

I've considered what Miss B has said about missing her energy bills in most months and she

had a substantial debt owed to the defaulted account, and I can sympathise with what she's told us about this. But the CRA that Zopa used did not show a defaulted account for an energy supplier or any monies being owed to an energy supplier. I don't doubt what Miss B has told us about this, but I can't hold Zopa responsible for information a CRA tells them. I do note from the credit file she sent us that this was from a different CRA to the CRA that Zopa used, so it could be that her energy supplier didn't report information to all of the available CRA's.

But as the CRA Zopa used did show three defaulted accounts in 2022, and active accounts, including outstanding balances, then Zopa would have no reason to believe that they weren't being shown a true reflection by the CRA of Miss B's credit file. So I can't fairly say that it would have been proportionate as part of their lending checks to check Miss B's credit file with every other CRA available, and there is no requirement from the regulator to do so. The CRA reported that Miss B had since settled two of the defaulted accounts, and the contractual repayments for the other account which had defaulted were for £33 when the account was active.

I've considered what Miss B has said about the multiple missed payments. But the CRA Zopa used showed no late payments on any of her active accounts in the last twelve months. While I don't doubt what Miss B has told us, it is proportionate for Zopa to rely on the information they are given by a CRA. And as I've said previously, different lenders sometimes do not report account activity to all of the available CRA's. So I cannot hold Zopa responsible for this if this is what happened here. Ultimately, none of Miss B's active accounts were showing as being in arrears in the twelve months prior to the lending.

Miss B had active unsecured debt being reported from the CRA of £104 (and £25 owed to a communications supplier). Zopa completed an affordability assessment for Miss B, using information she had provided (such as her income, and her housing costs). They also used information from a CRA (credit commitments), and modelling (which is an industry standard way of estimating expenditure). The affordability assessment showed that Miss B would have sufficient disposable income in order to be able to meet repayments for a £500 credit limit.

So based on there being no recent adverse information reported to Zopa by the CRA they used, her existing debt to gross annual income declared being 0.3%, and the new credit limit being 1.25% of her declared gross annual income, then I'm satisfied that it wouldn't have been proportionate here for Zopa to verify Miss B's expenditure by requesting her bank statements to analyse.

So I'm persuaded that Zopa's checks were proportionate, and they made a fair lending decision to approve Miss B's application, and to provide her with a £500 credit limit.

I've also 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 can't conclude that Zopa lent irresponsibly to Miss B or otherwise treated her unfairly in relation to this matter. I haven't seen anything to suggest that Section 140A would, given the facts of this complaint, lead to a different outcome here.

My final decision

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 20 March 2026.

Gregory Sloanes
Ombudsman