

The complaint

Miss M complains that Zopa Bank Limited irresponsibly provided her with an unaffordable personal loan.

What happened

Zopa Bank provided Miss M with a personal loan of £1,000 in July 2025. The loan has a term of 48 months with equal instalments of around £35 and a total repayable value, including interest, of around £1,720.

Miss M complained to Zopa Bank in November 2025. She said it hadn't completed proportionate checks before providing this lending; and that had it done so it should have identified other recent borrowing and concluded that this loan wouldn't be affordable for her. Miss M says Zopa Bank made an unfair lending decision which has led to financial difficulties and impacted her mental health.

Zopa Bank issued a final response in December 2025 in which it didn't uphold Miss M's complaint. In summary, it said its checks were proportionate and that it had made a fair lending decision. Unhappy with its response Miss M referred her complaint to our service.

One of our investigators reviewed the details and didn't uphold the complaint. She felt Zopa Bank's checks had been proportionate to the terms of lending it was providing, and what it had identified about Miss M's financial circumstances. Our investigator went on to conclude that Zopa Bank had made a fair lending decision when providing Miss M with this loan.

Zopa Bank accepted our investigator's view; Miss M didn't. In summary, she maintained her position that this loan shouldn't have been provided given her circumstances and the details Zopa Bank should have identified through proportionate checks. Miss M provided bank statements for the recent months leading up to this lending; to support her testimony that her financial situation didn't support the sustainable repayment of this loan. Miss M also made reference to another unaffordable lending complaint that was referred to our service and has recently been upheld, drawing parallels to this complaint in support of her position.

Miss M asked for an ombudsman's review, so the complaint has been passed to me to decide.

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.

The information in this case is well known to Miss M and Zopa Bank, so I don't intend to repeat it in detail here. Instead, I've focused my decision on what I consider to be the key points of this complaint; so, while my decision may not cover all the points or touch on all the information that's been provided, I'd like to assure both parties I've carefully reviewed everything available to me. I don't mean to be discourteous to Miss M or Zopa Bank by taking this approach, but this simply reflects the informal nature of our service.

We've set out our approach to complaints about irresponsible and unaffordable lending as well as the key rules, regulations and what we consider to be good industry practice on our website. I've used this approach to help me decide Miss M's complaint.

Having done so, I consider Zopa Bank made a fair lending decision when providing Miss M with this loan. I say this because:

- I consider the checks Zopa Bank completed were proportionate, when taking into account the terms of credit being provided and the information it obtained about Miss M's financial circumstances.
- Zopa Bank took Miss M's declarations and verified her income by way of an online credit tool check; and it used industry recognised statistical data to validate her non-discretionary expenditure. Zopa Bank also completed a credit check to understand Miss M's existing commitment to, and recent management of, credit.
- The credit check reported no adverse information such as insolvency markers, CCJs, defaults or arrears. Miss M had around £27,500 of existing debt; however, the majority of this was across a handful of non-revolving accounts with structured repayment terms. The report showed that Miss M was utilising around 85% of her available revolving credit limits. It also reported three accounts having been opened within the 18 month period leading up to this lending. All of Miss M's accounts were reporting as being managed in line with their contractual obligations.
- Miss M declared monthly housing costs of £150; however, Zopa Bank identified through its credit check that Miss M had mortgage accounts in her sole name, with monthly repayments totalling around £745. It therefore used this higher figure and added a buffer into account as part of its affordability calculations.
- I've reviewed Zopa Bank's affordability calculations. Based on the information it verified and validated, I consider it reasonably concluded this loan would be sustainable affordable for Miss M; and that she'd be left with a reasonable level of disposable income each month to provide a buffer for any other unexpected costs that may occur.

So, for the reasons set out above I don't consider Zopa Bank made an unfair lending decision when providing Miss M with this loan.

I've also considered whether Zopa Bank has acted unfairly or unreasonably in any other way; including whether the relationship might have been unfair under s.140A of the Consumer Credit Act 1974.

I acknowledge Miss M has said she obtained a number of other credit products in the weeks and months before this loan was approved; and that had Zopa Bank completed more detailed checks it would have identified this.

However, as I've set out above, I consider the checks Zopa Bank completed were proportionate. Given the close proximity of the other lending Miss M says she obtained, it isn't unreasonable that it didn't report on the credit check Zopa Bank obtained. Zopa Bank was reasonably entitled to rely on the information it obtained from the credit reference agency, especially as I don't consider it had any reason to doubt or distrust what was being reported.

Zopa Bank may well have reached a different lending decision had this information been available to it; but it wasn't, and as I've found above based on the information it had obtained through proportionate checks, I consider it made a fair lending decision.

I acknowledge Miss M has drawn parallels between this and another unaffordable lending complaint referred to our service about another lender, which was recently upheld. I would set out that each complaint is considered on its individual details. While I understand why Miss M has drawn parallels between the complaints, my decision here is reached taking into account the specific details relevant to this complaint.

So, for the reasons I've set out above I don't think Zopa Bank lent irresponsibly to Miss M, and I've not seen anything that leads me to conclude it has otherwise treated her unfairly. I therefore haven't seen anything to suggest that s.140A or anything else would, given the facts of this complaint, lead to a different outcome here.

I acknowledge my decision will be disappointing to Miss M; in no way is it intended to doubt Miss M's testimony, or downplay the personal and financial circumstances she's made us aware of, which I am sorry to hear of. But for the reasons set out above I consider Zopa Bank's checks were proportionate, based on the terms of lending being provided and the information it had reasonably obtained, and that it went on to fairly provide Miss M with this loan. So, it therefore follows I'm not directing Zopa Bank to take any further action in resolution of this complaint.

My final decision

My final decision is that I don't uphold Miss M's complaint about Zopa Bank Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M to accept or reject my decision before 9 April 2026.

Richard Turner
Ombudsman