

The complaint

Mr A complains that Zopa Bank Limited irresponsibly lent to him.

Mr A is represented by his son in bringing this complaint. But for ease of reading, I'll refer to any submission and comments he has made as being made by Mr A himself.

What happened

Mr A was approved for a Zopa credit card in September 2024, with a £500 credit limit. The credit limit was increased to £1,200 in May 2025. Mr A says that this was irresponsibly lent to him. Mr A made a complaint to Zopa, who did not uphold his complaint. Zopa said that their decisions were appropriate and affordable. Mr A brought his complaint to our service.

Our investigator did not uphold Mr A's complaint. He said that Zopa completed proportionate checks. Mr A asked for an ombudsman to review his complaint. He made a number of points. In summary, he said that he was not employed at the time. He said he had long standing health issues, and his vulnerabilities should have meant further checks were warranted. He said he already had existing debts, and this should've prompted further checks. Mr A said the checks did not reflect his actual circumstances.

Mr A remained concerned the affordability assessment placed significant reliance on his declared income without enough consideration of his actual financial circumstances at the time, including his reliance on state benefits and his overall financial position.

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.

Firstly, I'm aware that I've only summarised Mr A's complaint points. And I'm not going to respond to every single point made by him. No discourtesy is intended by this. It simply reflects the informal nature of our service as a free alternative to the courts. If there's something I haven't mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual point to be able to reach what I think is a fair outcome.

Before agreeing to approve or increase the credit available to Mr A, Zopa needed to make proportionate checks to determine whether the credit was affordable and sustainable for him. 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.

Acceptance for the Zopa credit card

The information showed that Mr A declared a gross annual income of £35,000. Although Mr A has said he was unemployed at the time receiving state benefits, the application data

shows he told Zopa he was full time employed. So it's not clear why he would enter £35,000 as his gross annual income if he did not earn this, or why he would select he was full time employed if he was unemployed.

But Zopa did make further checks as a Credit Reference Agency (CRA) was able to verify the income. So it would not have been proportionate here for Zopa to have completed further checks regarding his income, such as requesting a P60/payslips/bank statement to check Mr A's income.

The CRA reported that Mr A had no defaulted accounts, no County Court Judgements (CCJ's), and he had no active accounts in arrears at the time of the checks. Mr A had no arrears on any active accounts in the 12 months prior to the application checks. I did notice he was over the credit limit on one of his accounts, but this could be if he didn't leave enough of the credit limit for the interest to be charged. I'm not persuaded that this alone should have prompted further checks due to no arrears being reported and Mr A had credit limits of £7,700, but he was utilising only £4,529 of his credit limits.

The CRA informed Zopa that Mr A had active unsecured debt of £5,745, at the time of the checks. Mr A would have had an unsecured active debt to declared gross annual income of around 16.4%. The credit limit Zopa was approving was for £500, which would have been around 1.4% of Mr A's declared gross annual income.

Zopa completed an affordability assessment for Mr A. They used information that Mr A had provided, information from a CRA about Mr A's monthly credit commitments, and modelling to estimate Mr A's outgoings - which is an industry standard way of estimating outgoings. The affordability assessment suggested that Mr A would comfortably be able to afford sustainable repayments for a £500 credit limit.

Zopa are not required to request further information such as bank statements from a potential customer for each lending decision they make. This wouldn't be proportionate. And I'm not persuaded that it would have been proportionate for this lending decision for Zopa to have made further checks here, especially as Mr A had no recent adverse information on his credit file including recent arrears, and based on the affordability assessment results.

So I'm persuaded that Zopa's checks were proportionate here, and they made a fair lending decision to approve the £500 credit limit.

May 2025 credit limit increase - £500 to £1,250

A CRA reported that Mr A had unsecured debt of £8,160 in May 2025, which was slightly higher than what it was at the account opening stage, but this still would have only equated to around 23.3% of Mr A's originally declared gross annual income, less than a year earlier. Zopa had again managed to verify the £35,000 figure through the CRA. And there were no new defaults being reported by the CRA since the last lending decision.

Zopa would have also been able to have seen how Mr A managed his account since it had been opened. I could not locate any late or overlimit fees on the transactions since the account had been opened.

Mr A often repaid higher amounts than what his minimum repayment would be. So if Mr A was financially struggling at the time, it wouldn't be proportionate for him to make higher repayments than he was required to make.

So I'm persuaded that Zopa's checks were proportionate, and they made a fair lending decision.

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 Mr A or otherwise treated him 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 Mr A to accept or reject my decision before 13 April 2026.

Gregory Sloanes
Ombudsman