

The complaint

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

What happened

Mr K was approved for a Zopa credit card in November 2024, with a £1,200 credit limit. Mr K says that Zopa irresponsibly lent to him. Mr K made a complaint to Zopa, who did not uphold Mr K's complaint. Zopa said that they completed an affordability assessment deducing his housing and essential monthly costs from his net income, and based on this review, he should have enough remaining disposable income, to be able to repay his existing debt, and repayments for the new Zopa credit card. Mr K brought his complaint to our service.

Our investigator did not uphold Mr K's complaint. She said that Zopa's checks were proportionate, and they made a fair lending decision. Mr K asked for an ombudsman to review his complaint. He made a number of points. In summary, he said that two of his personal loan repayments were missing, one for £200 a month, and another for £317.26 a month, therefore he had a negative disposable income.

Mr K said that our service had already upheld two irresponsible lending complaints for him. He said he had personal circumstances which increased his financial and emotional pressures. Mr K said that Zopa accepted £0 housing costs on his application without verification. He said any inaccuracies were unintentional and occurred during a period of stress, and using modelling averages did not reflect his actual situation. He said Zopa did not request his bank statements. Mr K said he had recent borrowing, and he was already paying a significant portion of his income to service his debts.

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 K'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.

I'd like to thank Mr K for sharing sensitive information about his personal and financial situation leading up to this lending decision. I won't go into great detail in this decision regarding what Mr K said to protect his identity, but I can assure him I've read everything he's said.

I've considered what Mr K has said about upheld irresponsible lending complaints he's had. But our service judges each individual complaint on its own merits. While a situation can look similar between two lending decisions, or they could have been made around the same time, even with the same company, the checks and the results of the checks, could have been different between different products, different amounts being lent, and with different

companies. So I'll be focusing here whether Zopa made a fair lending decision to approve the credit card with a £1,200 credit limit.

Before agreeing to approve the credit available to Mr K, 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.

The information showed that Mr K declared a gross annual income of £35,500. But Zopa did make further checks as a Credit Reference Agency (CRA) reported to Zopa that Mr K's income met a minimum threshold of £30,300. So it would not have been proportionate here for Zopa to have completed further checks regarding his income, such as requesting his P60 or payslips.

The CRA reported that Mr K 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 K had no arrears on any active accounts in the 12 months prior to the application checks.

The CRA informed Zopa that Mr K had active unsecured debt of £29,110 at the time of the checks. There was only one unsecured loan being reported by the CRA that Zopa used. I know this differs from the active unsecured debt Mr K has told us about, but this could be due to either a different CRA being used, or a different date being used for the checks, and it taking a credit file 4-6 weeks typically to update, but regardless of this, I'm persuaded that Zopa acted upon information given to them by a CRA.

Mr K would have had an unsecured active debt to declared gross annual income of around 82%. The credit limit Zopa was approving was for £1,200, which would have been around 3.4% of Mr K's declared gross annual income. Mr K was showing as being within all of his credit limits at the time of the checks. There were some accounts he was showing as not using any of the credit limit, or only small amounts.

I've considered what Mr K has said about recent debt he had taken out. But this wouldn't be apparent to Zopa. I say this as the CRA reported that Mr K didn't take out any new credit agreements prior to six months of him applying for the Zopa credit card.

Zopa completed an affordability assessment for Mr K. They used information that Mr K had provided, such as £0 housing costs. While Mr K thinks Zopa should have verified this, Mr K did not say he was renting, or that he was paying towards a mortgage. He told Zopa his living arrangements were "*in an other living arrangement*".

So it could be that Mr K was living with family/friends, and he wasn't contributing to the housing costs, which as the CRA identified at least one other person living at the same address, I'm not persuaded that this should have resulted in further checks. And I can't rule out Mr K wasn't living with a partner who paid the housing costs themselves.

If Mr K had declared he was renting - which he didn't, or that he paid a mortgage - which he didn't (and the CRA didn't identify a mortgage in his name), then I would have expected Zopa to have completed further checks, as this would have been contradictory. But the information he declared didn't appear to be contradictory.

Zopa also used modelling to estimate Mr K's outgoings - which is an industry standard way of estimating outgoings, so although Mr K says they didn't represent his actual outgoings, it

wouldn't have been proportionate here for Zopa to have requested further information such as a bank statement from Mr K, when he had no adverse credit or contradictory information declared.

Zopa could also see from a CRA about Mr K's fixed monthly credit commitments. And they would have been able to build in sustainable repayments into the affordability assessment regarding Mr K's revolving (such as credit card) debt. The affordability assessment suggests that Mr K would be able to afford sustainable repayments for a £1,200 credit limit, even if he was paying a large amount of his net income towards other active unsecured debt he had at the time of this lending decision.

As I've already mentioned, 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 he had no recent adverse information on his credit file including current or recent arrears, and he appeared to be managing his existing debt well, and the CRA didn't report any new credit agreements in the six months leading up to his application.

So I'm persuaded that Zopa's checks were proportionate here, and they made a fair lending decision to approve the £1,200 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 Mr K 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 K to accept or reject my decision before 7 May 2026.

Gregory Sloanes
Ombudsman