

## **The complaint**

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

## **What happened**

Mr W was approved for a Zopa credit card in October 2022, with a £900 credit limit. Mr W says that Zopa irresponsibly lent to him. Mr W made a complaint to Zopa, who did not uphold his complaint. Zopa said that they believed the lending decision was appropriate and affordable. Mr W brought his complaint to our service.

Our investigator did not uphold Mr W's complaint. She said that Zopa's checks were proportionate, and they made a fair lending decision. Mr W asked for an ombudsman to review his complaint. He made a number of points. In summary, he said that Zopa had access to his bank statements (through open banking), which would have shown financial strain.

Mr W said another lender (as part of their investigation) asked for his bank statements leading up to that account opening, and they upheld his complaint. Mr W said the separate account was opened slightly before the Zopa credit card, so as Zopa used open banking, they would have the information the separate company did also.

Mr W forwarded our service a bank statement between August – October 2022, which he says would have shown Zopa he made payments to debt collection agencies, a £1,000 payment for a loan, and another £5,000 payment to clear payday loans, and other lending facilities.

## **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 W'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've considered what Mr W has said about upheld irresponsible lending complaints he's had with another company, where he opened the account just before the Zopa account. 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, there could be different amounts being lent, and a lender's risk appetite may be greater than another lender. So I'll be focusing here whether Zopa made a fair lending decision to approve the credit card with a £900 credit limit.

Before agreeing to approve the credit available to Mr W, 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 W declared a gross annual income of £30,000. But Zopa did make further checks as a Credit Reference Agency (CRA) reported to Zopa that Mr W's income met a minimum threshold of £23,330. So it would not have been proportionate here for Zopa to have completed further checks regarding his income, such as requesting his P60/payslips or using open banking if Mr W had consented to this.

The CRA reported that Mr W had no defaulted accounts in the 12 months prior to his application, but he had defaulted on credit agreements in the past. 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.

The CRA reported that Mr W had no County Court Judgements (CCJ's), and he had no active accounts in arrears at the time of the checks. Mr W had no arrears on any active accounts in the three months leading up to the application checks.

The CRA informed Zopa that Mr W had active unsecured debt of £162 at the time of the checks (this includes £24 for a communications account). I know this differs from the active unsecured debt Mr W 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 W would have had an unsecured active debt to declared gross annual income of less than 1%. The credit limit Zopa was approving was for £900, which would have been 3% of Mr W's declared gross annual income. Mr W 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 W has said about recent loans he had taken out. But this wouldn't be apparent to Zopa. I say this as the CRA reported that Mr W didn't take out any new loans in 2022.

Zopa completed an affordability assessment for Mr W. They used information that Mr W had provided, such as £400 housing costs. And as the CRA was reporting Mr W's monthly mortgage repayment to be £864, this would appear he paid slightly less than half of the amount. But it wouldn't be unusual for a financial associate to pay the rest of the mortgage payment. Mr W would be best placed to tell Zopa how much of the mortgage costs he paid.

Zopa also used modelling to estimate Mr W's outgoings - which is an industry standard way of estimating outgoings, so although Mr W says they didn't represent his actual outgoings, it wouldn't have been proportionate here for Zopa to have requested further information such as using open banking or requesting a bank statement from Mr W, when he had no adverse credit or contradictory information declared.

Zopa could also see from a CRA about Mr W's fixed monthly credit commitments. And they would have been able to build in sustainable repayments into the affordability assessment

regarding Mr W's revolving (such as credit card) debt. The affordability assessment suggests that Mr W would be able to afford sustainable and affordable repayments for a £900 credit limit.

As I've already mentioned, Zopa are not required to make further checks for every lending decision, such as use open banking – even if they had this available to them and Mr W consented for them to use this. As 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 W had no recent adverse information on his credit file including current or recent arrears, and he appeared to be managing his existing debt well.

While I would like to thank Mr W for forwarding his bank statement to us, I have not viewed this based on Zopa's checks being proportionate for the reasons I gave in the previous paragraph. As the checks were proportionate, then Zopa wouldn't have needed to view Mr W's bank statement or used open banking as there were no signs of financial difficulty, or that he wouldn't be able to sustainably make repayments for the £900 credit limit.

So I'm persuaded that Zopa's checks were proportionate here, and they made a fair lending decision to approve the £900 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 W 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 W to accept or reject my decision before 13 May 2026.

Gregory Sloanes  
**Ombudsman**