

The complaint

Mr S complains Zopa Bank Limited (“Zopa”) irresponsibly lent to him.

What happened

Mr S took out an unsecured loan from Zopa. The loan was approved on 20 September 2024, and this was for £7,000; the monthly repayments were £264.04 and the total repayable was £9,505.46. This had an APR of 23.3% and a 36-month term.

Mr S says Zopa didn’t carry out responsible checks before lending to him. He says he was already experiencing financial difficulties and that the loan should not have been approved given the extent of his outgoings. He says he couldn’t afford the repayments and taking out the loan has placed him into further financial hardship. He says he was struggling to manage his finances and feels that, had Zopa completed proper checks, his application would not have been approved. So he believes the lending was irresponsible.

Mr S says the situation has affected his wellbeing. He believes this could have been avoided if Zopa had properly assessed his circumstances and reviewed his bank statements, which he says show he was in financial distress and heavily reliant on credit. He also explains that he was made redundant in September 2025, which has caused him further stress, anxiety, and financial hardship.

Zopa issued a final response letter on 9 December 2025. They said that before giving out the loan they carried out affordability checks to ensure that Mr S could pay this back. They say their checks were proportionate and showed the loan to be affordable based on the information available to them. They don’t agree that they lent irresponsibly.

Mr S wasn’t satisfied with the response from Zopa and referred his complaint to this Service.

Our Investigator didn’t uphold the complaint. They found the checks carried out were proportionate and a fair decision to lend was made. They explained Zopa wouldn’t have been required to look at the statements prior to lending. Mr S didn’t agree with this opinion.

Because an agreement couldn’t be reached, 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.

Having done so, I’ve reached the same outcome as the Investigator, largely for the same reasons. I know this will disappoint Mr S, so I’ll explain why.

I’ve kept in mind the regulator’s rules and guidance on responsible lending (set out in its Consumer Credit Sourcebook – CONC) which lenders, such as Zopa, need to abide by. Zopa will be aware of these, and our approach to unaffordable/irresponsible lending complaints is set out on our website. I’ve used this approach to help me to decide Mr S’s

complaint. I won't refer to the regulations in detail here, but will briefly summarise them.

The rules and regulations in place at the time Zopa provided Mr S with the loan required them to carry out a reasonable and proportionate assessment to make sure he could afford to repay what he owed in a sustainable way. This is sometimes referred to as an 'affordability assessment' or 'affordability check'. Being able to sustainably repay credit means that they needed to consider whether Mr S could make repayments without undue difficulty, while being able to meet any other commitments and without having to borrow further.

There isn't a 'set list' of checks that lenders must complete, but they must be proportionate to the specific circumstances of the lending. In general, what constitutes a proportionate affordability check will be dependent on a number of factors including – but not limited to – the particular circumstances of the consumer (e.g. their financial history, current situation and outlook, any indications of vulnerability or financial difficulty) and the amount/type/cost of credit they are seeking, in order to treat them fairly. The checks needed to be borrower focused —so Zopa had to think not just about the likelihood of them getting the funds back, or whether Mr S met their lending criteria. They also had to consider if he could sustainably repay the lending being provided to him. I've kept all of this in mind when thinking about whether Zopa did what was needed, before lending to Mr S.

When Mr S applied for the loan, Zopa used information Mr S provided, together with information from a credit reference agency (CRA) to help them decide whether the loan was affordable. Mr S had also previously taken a £5,000 loan over a 36 month period from Zopa in February 2024. Zopa could see from his payment history that he'd managed this well — he'd made all of the payments on time and settled the loan early in July 2024.

Mr S declared he earned around £50,000 per year, had two dependents and was a homeowner with a monthly mortgage commitment of around £650. Zopa verified his income and confirmed his net monthly income was around £3,130.

Zopa completed a credit check to understand the credit commitments and repayment obligations that Mr S had at that time. This showed he had unsecured debts of around £26,019, plus car finance of £28,715 and was making regular monthly repayments of around £1,369 towards these. There was no negative information recorded. There were no recent defaults or missed payments. There wasn't any evidence of county court judgements (CCJs), Individual Voluntary Arrangements (IVAs) or bankruptcy recorded. After including the new loan repayment of £264.04, Zopa calculated Mr S would still have around £847 left each month in disposable income.

Taking all this into account, I think the checks Zopa carried out were proportionate. Based on the information Zopa had about Mr S's financial position, both internally and through credit reference data, there wasn't anything to suggest he was experiencing financial difficulties. So I don't think it was unfair of Zopa to approve the loan based on what they knew at the time.

I've also considered what Mr S has said about his bank statements. The rules set out by the regulator only say that checks should take place and that these should be reasonable and proportionate. So I don't think Zopa made an error when they didn't automatically ask to see his statements before approving the application. This is because the rules focus on whether the checks overall were enough, rather than requiring any specific documents.

Zopa told us that, having reviewed Mr S's credit file at the point of application, they were satisfied he had enough disposable income to meet the repayments. His finances appeared to be well managed, and there was nothing in the information they gathered that suggested

they needed to ask for anything further.

I've also carefully considered what Mr S said about his redundancy and the effect this matter has had on his wellbeing, and I'm sorry to hear about this. I appreciate that being in debt can make things more difficult. But as this happened after the lending took place, Zopa wouldn't have been aware of it at the time. So I don't think they were required to take any additional steps when assessing the application.

In reaching my conclusions, I've also considered whether the lending relationship between Zopa and Mr S might have been unfair to Mr S under s140A of the Consumer Credit Act 1974 ("CCA"). However, for the reasons I've already explained, I'm satisfied that Zopa did not lend irresponsibly when providing Mr S with the loan. And I haven't seen anything to suggest that s140A CCA would, given the facts of this complaint, lead to a different outcome here.

So, while it'll likely come as a disappointment to Mr S, I won't be upholding his complaint against Zopa for the reasons explained above. I would however remind them of their ongoing obligation to treat Mr S fairly, and with forbearance.

My final decision

I am not upholding Mr S's complaint against Zopa Bank Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 28 April 2026.

Alison Wharton
Ombudsman