

## **The complaint**

Miss G complains that Zopa Bank Limited (“Zopa”) provided credit to her irresponsibly and that the credit was unaffordable. She said that they hadn’t carried out proportionate affordability checks.

## **What happened**

Miss G received a credit card from Zopa in August 2022 (“card one”). It had a credit limit of £400 with a 34.7% APR. The credit limit was not increased. She cleared the outstanding balance on card one in full in February 2024.

Miss G received a further credit card from Zopa in April 2024 (“card two”). It had a credit limit of £1,000 with a 28.7% APR. The credit limit was not increased.

Miss G entered into a Debt Management Plan (“DMP”) in March 2025 which Zopa say they are supporting.

In February 2026 Miss G complained to Zopa. She said that it was irresponsible of them to provide her with the cards because of her financial circumstances, and the credit was unaffordable for her. Specifically she said that Zopa had not carried out effective affordability checks.

Zopa looked into the complaint and issued a final response letter. Zopa thought they had carried out reasonable and proportionate checks into Miss G’s circumstances at each stage and said that each credit decision was appropriate and affordable. They signposted her to internal and external sources of help for her financial issues. They didn’t uphold the complaint.

Miss G didn’t accept Zopa’s response and therefore referred her complaint to our service. One of our Investigators looked into it. She felt for each provision of credit that Zopa had carried out reasonable and proportionate checks. Overall, she thought Zopa had reached fair decisions to provide the credit to Miss G. She didn’t recommend that her complaint be upheld.

Zopa didn’t dispute this position but Miss G did and asked for an Ombudsman’s decision. She said that Zopa did not carry out sufficient checks as they had not sought further information about her income and expenditure through obtaining bank statements. If they had done so, they would have seen that she was unable to afford the credit provided by card one and/or card two.

As an agreement couldn’t be reached, the complaint has been passed to me to decide.

Miss G raised three further points with the Investigator. Firstly, that her financial difficulties had a negative impact on her financial and mental stability. Secondly,

that she had raised a separate complaint with this service which included a different credit search result. Thirdly, that when cards one and two were issued she was already in a DMP. I will comment on each of these points below.

### **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.

Our approach to complaints about the irresponsible and unaffordable provision of credit is set out in detail on our website. I've used this approach to help me decide Miss G's complaint. For example, I've considered the rules and guidance on responsible credit provision relevant to the times of the lending decisions set out in the Financial Conduct Authority's ("FCA") Consumer Credit Sourcebook ("CONC").

In summary, Zopa needed to carry out reasonable and proportionate checks before providing credit to Miss G to ensure they did not do so irresponsibly.

There is no set list of the checks Zopa had to do. What constitutes a proportionate affordability check will depend upon a number of factors including, but not limited to, the amount, type and cost of the credit Miss G was seeking as well as her overall financial circumstances. I've kept all of this in mind when considering whether Zopa did what was required at each stage before providing the credit to Miss G.

Zopa state that they conduct creditworthiness assessments prior to each decision to provide and increase credit. They rely on a combination of credit reference agency ("CRA") data regarding income, other debt, and existing credit repayment commitments; information provided by the customer for example income; statistical information from the Office for National Statistics ("ONS"); and any information they already hold.

The applicable rules and guidance do not require a lender to see full evidence of expenditure in every case. Instead the lender has discretion about how they conduct checks to satisfy themselves that lending is affordable to applicants. This includes the consideration of statistical data where it is reasonable and proportionate to do so. I think that was the case here when each of the cards were issued.

#### *The first credit card*

When Miss G applied for card one, Zopa relied upon a declared annual gross income of £21,500. This was validated by CRA data. Zopa assessed her net monthly income to be £1,544. Miss G further declared that she was working full time with a monthly rent of £200. Zopa went on to assess her monthly expenditure based on statistical information from the ONS. Overall Miss G's net monthly disposable income was assessed to be £705 being ample to meet the level of credit provided and to leave her with a sufficient amount for day-to-day expenditure.

Zopa also examined Miss G's existing credit commitments. Her monthly payments towards existing unsecured debt were some £19. The credit search showed no recent defaults, County Court Judgments ("CCJs") or bankruptcy, or payment plans with other creditors at the time. There were several settled accounts all of which had been closed some time previously. Overall, Zopa's checks showed that Miss G's existing active credit was well maintained and there was nothing to suggest that she wouldn't be able to maintain payments on card one in a sustainable way.

In all the circumstances, I think that the checks carried out by Zopa to establish disposable income before issuing card one were reasonable and proportionate. I do not think Zopa should have carried out further checks at that stage to gain a better understanding of Miss G's financial circumstances.

It appeared that Miss G had sufficient disposable income to meet the product repayment costs and so the credit was likely to be affordable for her. I further think Zopa reached a fair decision before issuing card one.

#### *The second credit card*

Prior to the issue of card two, Miss G had cleared the outstanding balance on card one in full in February 2024. There had been no cash withdrawals or late or missed payment fees.

When Miss G applied for card two, Zopa again relied upon a declared annual gross income of £21,500 which was validated by CRA data. Zopa assessed her net monthly income to be £1,786. Miss G further declared that she was working full time with monthly housing costs of £300. Zopa went on to assess her monthly expenditure based on statistical information from the ONS. Overall Miss G's net monthly disposable income was assessed to be £626 being ample to meet the level of credit provided and to leave her with a sufficient amount for day-to-day expenditure.

Zopa also examined Miss G's existing credit commitments. Her monthly payments towards existing unsecured debt were some £135. The credit search showed no recent defaults, County Court Judgments ("CCJs") or bankruptcy, or payment plans with other creditors at the time. Overall, Zopa's checks showed that Miss G's existing active credit was well maintained and there was nothing to suggest that she wouldn't be able to maintain payments on card two in a sustainable way.

In all the circumstances, I think that the checks carried out by Zopa to establish disposable income before issuing card two were reasonable and proportionate. I do not think Zopa should have carried out further checks at that stage to gain a better understanding of Miss G's financial circumstances.

It appeared that Miss G had sufficient disposable income to meet the product repayment costs and so the credit was likely to be affordable for her. I further think Zopa reached a fair decision before issuing card two.

Overall I do not think that Zopa should have obtained further information about Miss G's income and expenditure through obtaining bank statements as she has suggested they should have done. Instead I think that reasonable and proportionate checks were carried out by Zopa at each stage, and they made fair decisions when they issued each of the cards in August 2022 and in April 2024.

I have considered the three further points raised by Miss G with the Investigator. Firstly, her financial and mental stability; secondly, what she says about her separate complaint with this service; and thirdly the DMP in place from 2021 to 2025. I comment upon each of them as follows:

- So far as the first point is concerned, I am grateful to Miss G for bringing what she says to our attention. However, I don't think Zopa should have been aware of this when they issued each of the cards.
- Turning to the second point, this service deals with each complaint independently and on its own facts and merits. I have noted above that in August

2022 Zopa were aware of several settled accounts all of which had been closed some time previously;

- Finally, Miss G has accepted that she didn't mention this DMP to Zopa. I haven't seen anything to indicate that Zopa should have been aware of it.

I've also considered whether the relationship between Miss G and Zopa might have been unfair to Miss G under Section 140A of the Consumer Credit Act 1974 ("CCA"). However, for the reasons I've already given, I don't think Zopa were irresponsible when they provided each of the cards. Nor do I think they otherwise treated her unfairly in relation to this matter. Overall I haven't seen anything to suggest that Section 140A would, given the facts of this complaint, lead to a different outcome here so far as Zopa is concerned.

### **My final decision**

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss G to accept or reject my decision before 11 May 2026.

Richard Ellison  
**Ombudsman**