

## **The complaint**

Mr T complains that Zopa Bank Limited lent irresponsibly when it approved a loan application he made.

## **What happened**

Mr T applied for a Zopa loan of £5,500 in May 2025. Mr T said he had an annual income of £40,000 and Zopa used a service provided by a credit reference agency to verify that figure. Zopa used a net monthly income of £2,573 in its affordability assessment. Mr T's application also gave a rent figure of £350 a month.

A credit search found Mr T had unsecured debts of £7,245 with monthly repayments totalling £434. No adverse credit like County Court Judgements, defaults or recent missed payments were noted. Zopa applied Mr T's monthly repayments to its affordability assessment.

Zopa completed an affordability assessment using Mr T's income, rent, credit commitments and an estimate of his general living expenses. Zopa reached the view Mr T had sufficient disposable income to sustainably afford repayments of £161.83 over a 48 month term. Zopa approve Mr T's application and £5,500 was issued.

More recently, Mr T complained that Zopa lent irresponsibly and it issued a final response. Zopa said it had completed the relevant lending checks before approving Mr T's application and didn't agree it lent irresponsibly.

An investigator at this service looked at Mr T's complaint. They thought Zopa completed proportionate checks before approving Mr T's application and the decision to lend £5,500 was reasonable based on the information it obtained. The investigator also thought Zopa made its loan terms and the interest rate clear in the documents it issued before the loan was accepted by Mr T. Mr T asked to appeal and said his rent was higher than the £350 figure used in the application. Mr T also said he is prone to impulsive spending due to his mental health and that his partner had taken over his finances. As Mr T asked to appeal, his complaint has been passed to me to make a decision.

## **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.

Before agreeing to lend, the rules say Zopa had to complete reasonable and proportionate checks to ensure Mr T could afford to repay the debt in a sustainable way. These affordability checks needed to be focused on the borrower's circumstances. The nature of what's considered reasonable and proportionate will vary depending on various factors like:

- The amount of credit;
- The total sum repayable and the size of regular repayments;
- The duration of the agreement;
- The costs of the credit; and

- The consumer's individual circumstances.

That means there's no set list of checks a lender must complete. But lenders are required to consider the above points when deciding what's reasonable and proportionate. Lenders may choose to verify a borrower's income or obtain a more detailed picture of their circumstances by reviewing bank statements for example. More information about how we consider irresponsible lending complaints can be found on our website.

I've set out the information Zopa used when considering Mr T's application above. I understand Mr T's told us his rent was higher than the £350 figure used by Zopa. But I've reviewed the application Mr T completed and can see it included a rent figure of £350. In my view, it was reasonable for Zopa to rely on the rent figure given in the application.

Mr T's income was recorded as £40,000 and Zopa used a tool from a credit reference agency to verify the figure provided. The results confirmed a net monthly income of £2,573, broadly in line with the figure Mr T gave. As Mr T's income was verified via a third party service, I'm satisfied it was reasonable for Zopa to use it in its affordability assessment.

Mr T's credit file showed he had existing debts of £7,245 with monthly repayments totalling £434. No adverse credit was noted and there were no recent missed payments. I think Mr T's level of outstanding debts was consistent with his income and circumstances. Mr T's payments were up to date and represented around 20% of his net monthly income. I think Mr T's credit file showed he was in a stable financial position at the point of application.

Zopa's affordability assessment took Mr T's income, rent and monthly unsecured debt repayments into account. Zopa also applied an estimate of around £650 a month for Mr T's general living expenses obtained from nationally recognised statistics. The relevant lending rules allow businesses to use reasonable estimates for certain outgoings. I haven't seen anything in the information Zopa obtained that indicated the use of an estimate for Mr T's general living expenses wasn't reasonable in the circumstances of his application.

Zopa reached the view Mr T's disposable income was more than sufficient to cover new repayments of £161.83 over a 48 month term. I've looked at all the available information and I think the lending checks completed were proportionate to the loan of £5,500 Mr T applied for. In my view, the decision to approve Mr T's loan was reasonable based on the information Zopa obtained that indicated he was in a stable financial situation and had a reasonable disposable income. I'm very sorry to disappoint Mr T but I haven't been persuaded Zopa lent irresponsibly.

Mr T's explained he struggles with impulsive spending due to his mental health. I don't doubt what Mr T's told us and can see our investigator has signposted organisations that may be able to provide support. Our website also contains details of various services consumers can contact for support. I need to consider whether Mr T's vulnerability would've been something Zopa should've picked up when assessing his application. But, as I've noted above, Mr T's application didn't indicate he was struggling or borrowing at an unsustainable rate. I haven't seen anything that I would've expected Zopa to pick up on that showed Mr T was vulnerable when his application was made. There's nothing in the contact notes provided that shows Mr T contacted Zopa to explain he was vulnerable or needed additional support during the application. I'm sorry to disappoint Mr T but I haven't been persuaded that Zopa treated him unfairly.

I note the loan amount, total interest, interest rate and monthly repayments were all clearly set out in the loan agreement Mr T accepted. The loan also came with a 14 day cooling off period that would've allowed Mr T to withdraw from the agreement if he had second thoughts. In my view, Zopa made the terms of the loan clear in its agreement with Mr T.

I've considered whether the business acted unfairly or unreasonably in any other way including whether the relationship might have been unfair under Section 140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I don't think Zopa lent irresponsibly to Mr T or otherwise treated him unfairly. I haven't seen anything to suggest that Section 140A or anything else would, given the facts of this complaint, lead to a different outcome here.

### **My final decision**

My decision is that I don't uphold Mr T's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 7 May 2026.

Marco Manente  
**Ombudsman**