

## **Complaint**

Mr G has complained about a loan Zopa Bank Limited (“Zopa”) provided to him. He says that the repayments to the loan were not affordable and so it was irresponsibly provided to him.

## **Background**

Zopa provided Mr G with a loan for £19,000.00 in June 2023. The total amount to be repaid of £23,944.80, which included interest, fees and charges of £4,944.80, was due to be repaid in 60 monthly instalments of around £400.

One of our investigators reviewed what Mr G and Zopa had told us. And she thought that Zopa hadn’t done anything wrong or treated Mr G unfairly. So she didn’t recommend that Mr G’s complaint be upheld. Mr G disagreed and asked for an ombudsman to look at his complaint.

## **My findings**

I’ve considered all the available evidence and arguments to decide what’s fair and reasonable in the circumstances of this complaint.

We’ve explained how we handle complaints about unaffordable and irresponsible lending on our website. And I’ve used this approach to help me decide Mr G’s complaint.

Having carefully considered everything, I’m not upholding Mr G’s complaint. I’ll explain why in a little more detail.

Zopa needed to take reasonable steps to ensure that it didn’t lend irresponsibly. In practice, what this means is that Zopa needed to carry out proportionate checks to be able to understand whether Mr G could afford to make his repayments before providing this loan.

Our website sets out what we typically think about when deciding whether a lender’s checks were proportionate. Generally, we think it’s reasonable for a lender’s checks to be less thorough – in terms of how much information it gathers and what it does to verify it – in the early stages of a lending relationship.

But we might think it needed to do more if, for example, a borrower’s income was low or the amount lent was high. And the longer the lending relationship goes on, the greater the risk of it becoming unsustainable and the borrower experiencing financial difficulty. So we’d expect a lender to be able to show that it didn’t continue to provide loans to a customer irresponsibly.

Zopa says it approved Mr G’s application after he provided details of his monthly income and some information on his expenditure. It says it cross-checked this against information on the amount of funds going into Mr G’s main bank account and a credit search it carried out which showed Mr G’s existing commitments were relatively well maintained at the time – insofar as it showed no recent adverse data.

In Zopa's view all of the information it gathered showed that Mr G could afford to make the repayments he was committing to. On the other hand, Mr G has said the checks Zopa carried out weren't sufficiently robust.

I've carefully thought about what Mr G and Zopa have said.

As Zopa asked Mr G about his income and expenditure and also carried out a credit check, it's clear that Zopa did obtain a reasonable amount of information before it decided to proceed with Mr G's application.

Having looked at the credit check, it's clear that Mr G had some existing debts. However, while I accept that Mr G might not agree with this, I don't think that these were excessive in comparison to his income. And importantly there wasn't anything obvious – such as significant adverse credit markers – such as defaulted accounts or county court judgments (“CCJ”) showing on this.

It's also worth noting that the information from the time shows that Mr G said he was going to use the funds from this loan to consolidate some of his existing debts. I don't know whether Mr G did use the funds for the purpose he stated. However, Zopa would only have been able to make a reasonable decision based on the information it had available at the time.

It won't have known whether Mr G would clear his existing debts – all it could do was take reasonable steps and rely on assurances from Mr G that the balances would be repaid with these funds. So I'm satisfied that the proceeds of this loan could and should have been used to clear some of Mr G's revolving credit debt. I don't agree that Zopa needed to assume that Mr G would have to make the repayments to this loan alongside all of his existing commitments.

Finally, as this was a first loan Zopa was providing to Mr G, there wasn't a history of Mr G obtaining funds and then failing to consolidate debts elsewhere in the way he committed to either. So Zopa was reasonably entitled to believe that Mr G would be left in a better position after being provided with this loan. This is especially as some of Mr G's existing debt was on credit cards and this loan had an interest rate that is likely to have been considerably lower than that on Mr G's credit cards.

Given the circumstances, I'd expect Zopa to have had a reasonable idea of Mr G's income and committed non-discretionary spending, which it did here, rather than a complete review of Mr G's finances. Furthermore, while Mr G has said that he was meeting all the payments to his joint mortgages, I can't see that he declared this or that there is anything to indicate that his living costs made the repayments to this loan unaffordable.

In these circumstances, I'm simply not in a position to say that Zopa had reason to suspect that Mr G had these additional expenses, or that it ought to have factored them into its affordability assessment. So while I've thought about what Mr G has told us, I'm not persuaded that this means that his complaint should be upheld.

In reaching my conclusions, I've also considered whether the lending relationship between Zopa and Mr G might have been unfair to Mr G under section 140A of the Consumer Credit Act 1974 (“CCA”).

However, for the reasons I've explained, I don't think Zopa irresponsibly lent to Mr G or otherwise treated him unfairly. And I haven't seen anything to suggest that section 140A CCA or anything else would, given the facts of this complaint, lead to a different outcome here.

So overall and having considered everything and while I'm sorry to learn about what happened once Mr G was provided with this loan, I'm satisfied that Zopa didn't treat Mr G unfairly or unreasonably when lending to him. And I'm not upholding Mr G's complaint. I appreciate this is likely to be very disappointing for Mr G. But I hope he'll understand the reasons for my decision and that he'll at least feel his concerns have been listened to.

### **My final decision**

For the reasons I've explained, I'm not upholding Mr G's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 18 May 2026.

Jeshen Narayanan  
**Ombudsman**