

The complaint

Zopa Bank Limited provided Mrs M with three loans between August 2021 and August 2023. Mrs M says the credit was provided irresponsibly.

Mrs M is represented by a third party but for ease of reference I have referred to Mrs M throughout this decision.

What happened

The details of this complaint are well-known to both parties, so I won't repeat them again here. The facts aren't in dispute, so I'll focus on giving the reasons for my 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.

We've set out our general approach to complaints about unaffordable or irresponsible lending on our website, and I've taken this into account in deciding Mrs M's case.

Mrs M was provided with three loans, and I have considered each lending decision.

Loan one: August 2021 - £3,000

I've decided the credit was provided fairly because:

- I think the checks Zopa did before providing the credit were reasonable and proportionate given the credit it offered and what it knew about Mrs M's financial situation.
- Zopa's checks showed Mrs M was employed full time with an annual income of £26,000. She said she was a homeowner with a mortgage and declared monthly housing costs of £250. Her credit file showed total unsecured debts of £8,158 and based on her outstanding balances, her existing monthly credit repayments were around £395. Mrs M's credit report showed her accounts to be up to date with no defaults or county court judgements. Mrs M's revolving credit balances were within their limits and while Mrs M had one recent missed payment recorded, I do not think this alone was enough to raise concerns about how she was managing her accounts.
- Deducting Mrs M's existing credit costs and her declared housing costs from her net monthly income would leave around £1,123 for the Zopa loan repayments (£143.61) and her other living costs. Mrs M said the loan was intended for debt consolidation and if it was used for this purpose, I wouldn't expect the new loan to increase her monthly credit commitments and should potentially reduce these.
- Based on the information Zopa gathered and what it knew about Mrs M's circumstances, there was nothing to suggest Mrs M was likely to be unable to

sustainably repay what she was being lent.

- I don't think Zopa acted unfairly in any other way.

This means I don't think Zopa did anything wrong when it provided loan one to Mrs M.

Loan two: May 2022 - £8,000

I've decided the credit was provided fairly because:

- I think the checks Zopa did before providing the credit were reasonable and proportionate given the credit it offered and what it knew about Mrs M's financial situation. Mrs M had maintained her repayments on her first Zopa loan and so I do not think her existing account history raised concerns.
- Zopa's checks showed Mrs M was employed full time with an annual income of £25,000. She said she was a homeowner with a mortgage and declared monthly housing costs of £250, which was consistent with the amount previously declared. Her credit file showed total unsecured debts of £9,281 and based on her outstanding balances, her existing monthly credit repayments were around £516. Mrs M's credit report showed her accounts to be up to date with no defaults or county court judgements. Mrs M's revolving credit balances were within their limits and there were no recent missed payments recorded. I do not think that Mrs M's credit check raised concerns that she was struggling to manage her commitments or that she was overindebted.
- Deducting Mrs M's existing credit costs and her declared housing costs from her net monthly income would leave around £972 for the Zopa loan repayments (£174.15) and her other living costs. Mrs M said the loan was intended for debt consolidation and if it was used for this purpose, I wouldn't expect the new loan to increase her monthly credit commitments and should potentially reduce these. I note Mrs M had said the previous loan was also for debt consolidation. Having looked at her credit card balances it does appear that she did reduce these following loan one. So, while I appreciate this was a second loan for debt consolidation I do not think this meant, given the other information available, that further checks were needed.
- Based on the information Zopa gathered and what it knew about Mrs M's circumstances, there was nothing to suggest Mrs M was likely to be unable to sustainably repay what she was being lent.
- I don't think Zopa acted unfairly in any other way.

This means I don't think Zopa did anything wrong when it provided loan two to Mrs M.

Loan three: August 2023 - £15,000

I've decided the credit was provided fairly because:

- I think the checks Zopa did before providing the credit were reasonable and proportionate given the credit limit it offered and what it knew about Mrs M's financial situation. While this was Mrs M's third Zopa loan in two years, and each time she had said the loan was for debt consolidation, Mrs M repaid loan one shortly after taking out loan two and repaid loan two shortly after taking out loan three. Her account management for the first two loans didn't raise any concerns.

- Zopa's checks showed Mrs M was employed full time with an annual income of £27,500. She said she was a homeowner with a mortgage and declared monthly housing costs of £250, which was consistent with the amounts previously declared. Her credit file showed total unsecured debts of £14,013 and based on her outstanding balances, her existing monthly credit repayments were around £537. Mrs M's credit report showed her accounts to be up to date with no defaults or county court judgements. Mrs M's revolving credit balances were within their limits and there were no recent missed payments recorded. I do not think that Mrs M's credit check raised concerns that she was struggling to manage her commitments or that she was overindebted.
- Deducting Mrs M's existing credit costs and her declared housing costs from her net monthly income would leave around £1,050 for the Zopa loan repayments (£488.53) and her other living costs. While these were high loan repayments, the loan was sufficient to clear all of Mrs M's other debts and if this happened, it would reduce her overall credit costs. I think that the disposable income left after deducting Mrs M's credit and housing costs was reasonable to cover her other estimated living costs. I note this was the third debt consolidation loan, and Mrs M's overall indebtedness had increased, but the evidence suggests Mrs M had used previous loans to repay other debts (and she repaid her second Zopa loan within days of the third loan being received). That said, even if the full benefits of debt consolidation weren't realised, I do not find I have enough to say this loan shouldn't have been provided.
- Based on the information Zopa gathered and what it knew about Mrs M's circumstances, there was nothing to suggest Mrs M was likely to be unable to sustainably repay what she was being lent.
- I don't think Zopa acted unfairly in any other way.

This means I don't think Zopa did anything wrong when it provided loan three to Mrs M.

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 don't think Zopa lent irresponsibly to Mrs M or otherwise treated her unfairly. I haven't seen anything to suggest that s.140A or anything else would, given the facts of this complaint, lead to a different outcome here.

I know this isn't the outcome Mrs M hoped for. But for the reasons above, I'm not asking Zopa to do anything to put things right.

My final decision

My final decision is that I'm not upholding Mrs M's complaint about Zopa Bank Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 21 May 2026.

Jane Archer
Ombudsman