

## **The complaint**

Mr K complains that Zopa Bank Limited (“Zopa”) lent to him irresponsibly and that the loan was unaffordable.

I’ve issued a provisional decision on this complaint. Zopa didn’t reply. Mr K has provided a detailed submission to this service for which I am grateful. In summary, he maintains his complaint in relation to Zopa’s decision to grant him the loan.

I have considered carefully the points made by Mr K in his submission. Given a higher loan sum and clear indicators of affordability concerns in September 2023, I might have thought that Zopa should have made further enquiries about Mr K’s income and expenditure. However, I see no reason to depart from the findings I reached in my provisional decision regarding Zopa’s granting the loan.

My final decision is therefore as follows and in accordance with my provisional decision.

## **What happened**

In September 2023 Mr K received a loan from Zopa. It was in the principal sum of £8,000; for a 48-month term; and with an interest rate of 16.9% APR. The monthly repayments were £225.49.

In December 2025, Mr K complained to Zopa. He said that it was irresponsible of them to provide him with the loan because of his financial circumstances, and the loan was unaffordable for him.

Zopa looked into the complaint and issued a final response letter. Zopa thought they had carried out reasonable and proportionate checks into Mr K’s circumstances and said that the lending decision was appropriate and affordable. They signposted Mr K to internal and external help with any financial difficulties. They didn’t uphold the complaint.

Mr K didn’t accept Zopa’s response and therefore referred his complaint to our service. He said that Zopa failed to carry out proportionate affordability checks and he was already under financial stress. One of our Investigators looked into it. He felt that Zopa had not carried out reasonable and proportionate checks into Mr K’s overall financial circumstances. Had they done so, then they would have seen that Mr K wouldn’t be able to repay the loan in a sustainable way. Zopa had not reached a fair decision to provide the loan. The Investigator recommended that his complaint be upheld; and set out how Zopa should put things right.

Mr K didn’t dispute this position but Zopa did and asked for an Ombudsman’s decision. They maintained that they had carried out reasonable and proportionate checks which showed that the loan was affordable for Mr K. They had not needed to obtain further information about his income and expenditure.

The Investigator looked at the complaint again. He didn't change what he'd said. As an agreement couldn't be reached, the complaint has been passed to me to decide.

Mr K raised the following further points with the Investigator. Firstly, in addition to the September 2023 loan, he subsequently received two further loans from Zopa where they upheld his complaints. Secondly, this service has upheld a separate complaint which he made relating to a credit card. 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 irresponsible and unaffordable lending is set out in detail on our website. I've used this approach to help me decide Mr K's complaint. For example, I've considered the rules and guidance on responsible lending relevant to the times of the lending decision 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 each loan to ensure they did not lend to Mr K 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 Mr K was seeking as well as his overall financial circumstances. I've kept all of this in mind when considering whether Zopa did what was required before providing the loan to Mr K.

Zopa say that for each decision to provide credit, they undertake detailed affordability assessments. They consider information provided by the customer for example regarding income; credit reference agency ("CRA") data regarding income and other debt and existing repayment commitments; data supplied by the Office for National Statistics ("ONS"); and any existing information and data 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, provided the checks are reasonable and proportionate. This includes the consideration of statistical data where it is reasonable and proportionate to do so, as I think was the case here.

When Mr K applied for the loan, he declared that he was working full time with an annual gross income of £48,500. Zopa validated this income through CRA data. Mr K further declared that he was a homeowner with a mortgage and that his monthly housing costs were £652.

Zopa assessed Mr K's net monthly income to be £3,084. In addition to the declared housing costs, they further assessed his existing credit commitments at £1,271.65 and his essential expenditure at £725. Mr K was thereby left with sufficient monthly disposable income to pay the cost of the new loan and to leave him with sufficient net income to meet his day-to-day expenses.

Zopa also completed a credit check before entering into the loan. Mr K's total unsecured debt was £42,514 including HP. The credit check showed no defaulting accounts; no County

Court Judgments (“CCJs”) or bankruptcy; and no sustained arrears. There was no unarranged borrowing. Overall, Mr K’s existing credit commitments appeared to be well maintained.

I think that the checks carried out by Zopa to establish disposable income before granting the loan were reasonable and proportionate. It appeared that Mr K had sufficient disposable income to meet the product repayment cost of the loan and so the credit was likely to be affordable for him. Taking all these factors into account, I don’t think Zopa treated him unfairly in their decision to provide him with this loan.

For these reasons, and in respect of this complaint, I think that Zopa provided credit to Mr K responsibly and did reach a fair lending decision when they provided the loan; and that the loan was affordable at the time it was provided.

Overall, whilst it will likely come as a disappointment to Mr K, I’ve not seen anything that ought to have caused Zopa to take the decision not to have provided the loan.

I have also looked at the additional points raised by Mr K with the Investigator regarding his being under financial stress; the two further Zopa loans; and his complaint to this service concerning a credit card.

I am grateful to Mr K for drawing his being under financial stress to our attention. However, I don’t think Zopa should reasonably have been aware of this when they granted the September 2023 loan. The two further Zopa loans did not form part of Mr K’s current complaint to this service. Turning to the credit card, each complaint is dealt with by this service independently and on its own merits. This decision has focussed only on the provision of the September 2023 loan.

I’ve also considered whether the relationship between Mr K and Zopa might have been unfair to Mr K under Section 140A of the Consumer Credit Act 1974 (“CCA”). However, for the reasons I’ve already given, I don’t think Zopa provided the loan irresponsibly to Mr K or otherwise treated him unfairly in relation to this matter. Nor have I 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 in relation to the Zopa loan.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr K to accept or reject my decision before 25 May 2026.

Richard Ellison  
**Ombudsman**