

complaint

Mr W complains that Zopa Limited mis-sold him a loan.

background

In May 2016 Mr W borrowed £1,000 from Zopa. He had to repay this over three years, at about £40 a month. In November 2017 he complained to Zopa that he could not afford it, due to an addiction. He said that the interest rate of 27.9% was “ridiculous,” Zopa had not done proper checks, and Zopa had been irresponsible by allowing him to apply for the loan online “in the middle of the night.”

Zopa disagreed. It said that it had done proper affordability checks, and there had been nothing to suggest that Mr W would struggle to afford the loan. It hadn't known about his addiction or about any financial difficulties until he told it when he complained. It offered a 24-hour service, and it doesn't take into account the time at which applications are made. It did not agree that 10:07pm was the middle of the night. It had made it clear to Mr W what the interest rate was and how much he'd have to repay before he completed his application, and he had accepted that. He had made all of his repayments on time, which it argued did not support his claim that he could not afford them.

Mr W brought his complaint to our Service, but our adjudicator did not uphold it. She agreed that Zopa had carried out proper checks. She didn't think it mattered what time the loan had been granted. She said his payment history suggested that the loan was affordable.

Mr W asked for an ombudsman to review this complaint.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint. I do not uphold it, for broadly the same reasons as the adjudicator. I will explain why.

When Mr W applied for the loan, he declared that he was in full-time employment, with an annual income of £60,000. After his mortgage and other outgoings, he said he had a disposable income of £1,587 per month. So I think Zopa had no reason to suppose that he might not be able to afford to repay £40 a month. I am reinforced in that conclusion by the fact that Zopa considered his credit file, which did not disclose an adverse repayment history, and by the fact that Mr W has always made his repayments on Zopa's loan.

I therefore conclude that the loan was not unaffordable. And even if I had taken a different view about that, I would still have concluded that Zopa had no way of knowing that Mr W could not afford it.

If Mr W wanted a lower interest rate, then he didn't have to apply for this loan. It was his choice to accept the rate Zopa offered him. It's not my place to comment on the rate.

I agree that 10:07pm is not the middle of the night. And it was Mr W's choice to apply for the loan then, instead of earlier or the next day. If he made that decision when he was tired or not concentrating, then under paragraph 12.2 of the loan agreement he had 14 days in which to change his mind. He didn't do that. So there is nothing in this point.

In any case, there is nothing wrong with Zopa offering a 24-hour service if it wants to. I would not tell it that it can't offer such a service, or seek to discourage it from doing so. That would be absurd.

my final decision

My decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 19 April 2018.

Richard Wood
ombudsman