

complaint

Mrs M complains about how Zopa Limited ("Zopa"), a peer-to-peer lender, has managed and administered her investment account between January and June 2018.

In particular Mrs M says she is unhappy with:

- the £407.71 of loan losses posted to her account in May 2018
- the explanation provided by Zopa about these losses, including the breakdown of it
- the lack of diversity in her loans, with her funds being 'over exposed' to one or only a small number of borrowers
- being unable to access her online account for three days in June 2018

background

Mrs M's complaint was considered by one of our adjudicators who concluded, in summary, that Zopa had done nothing wrong in its management and administration of her account during the period in question.

Mrs M didn't agree and so her complaint has been passed to me for review and decision.

my findings

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

I've read and considered the whole file, but I'll concentrate my comments on what I think is relevant. If I don't comment on any specific point it's not because I've failed to take it on board and think about it but because I don't think I need to comment on it in order to reach what I think is the right outcome.

Zopa has provided our service with a copy of Mrs M's loan book, information Mrs M has access to on an ongoing basis.

Having reviewed this loan book I'm satisfied that Mrs M should be able to identify, at any point in time, the number of her loans that are in default. And because of this she should have been able to identify in May 2018 that what Zopa had declared in default (for that month) was three loans totalling £407.71, not 40 to 60 loans as she believes might have been the case.

I'm also satisfied that Mrs M should have been able to identify, and can still do so, that after she had deposited £20,000 in January 2018 to her account approximately 100 loans were made on her behalf of £200 each.

Having had regard to this information myself I'm satisfied that Zopa has managed Mrs M's investment account in line with the terms and conditions of it and not caused her to be over exposed to one or only a small number of borrowers. In other words Zopa didn't ever loan to a single borrower more than 1% of her investment as it undertook to do.

Furthermore given the scale of her deposit and the terms and conditions of her account I think Mrs M should have understood that loan advances from her account, in January 2018 at least, could well exceed £10.

I can appreciate having three loans being declared as being in default (at a loss of £407.71) would have been disappointing for Mrs M. But I can't see that Zopa has done anything wrong in declaring these three loans in default or anything wrong in declaring them in default when it did.

Given approximately 100 loans were advanced at £200 in January 2018, and a further 40 or so at £10, and that a loan isn't deemed in default until four payments have been missed, then I'm not surprised with three loans being declared in default in May 2018, rather than say sooner. Furthermore, I'm not persuaded that these three defaults suggest anything else untoward, for example irresponsible lending on the part of Zopa.

These three defaulted loans represent 2% of the loans made on Mrs M's behalf in January 2018 in both number and value. And between May and September 2018 I can't see that any more of these January 2018 loans have been declared in default.

I appreciate being unable to access her online account for three days in June 2018 would have caused Mrs M a degree of inconvenience. But I'm not persuaded this inconvenience could be said to be material, especially given that Mrs M has provided no documentary evidence of having suffered a direct financial loss as a result. So given that Zopa has already apologised to Mrs M for its systems being down, I'm not persuaded it needs do anything more in this respect.

But even if I wasn't of this view I note that Zopa has never undertaken to have its online systems up and running 24/7. Furthermore, having such systems down from time to time isn't unusual and in my view should be expected.

So in summary I'm not persuaded that in the particular circumstances of this case Zopa has done anything wrong, or that it need to do anything further.

my final decision

My final decision is that I don't uphold this complaint.

I appreciate Mrs M will be disappointed by my conclusions. My final decision, however, represents the last stage of this service's dispute resolution procedure. Mrs M doesn't have to accept my decision and if she doesn't do so, she will be free to pursue legal action against Zopa Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 12 January 2019.

Peter Cook
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