

## **The complaint**

Mrs P complains that Zopa Bank Limited trading as Zopa didn't provide her with the information or support she needed when she experienced difficulties making her loan repayments.

## **What happened**

Mrs P was provided with a loan for £18,000 in July 2022. The loan was repayable over 48 months with monthly repayments of around £467.

Mrs P says she lost her job the month after the loan was provided and once she started work again, she paid what she could. She says that Zopa asked for the full loan to be repaid and that none of the payment arrangements offered were suitable for her. She says she didn't get the support she should have and received differing instructions which prevented her from making the best decision in regard to her account. She complained to Zopa that after making a payment to stop a default being applied, her account was still defaulted.

Zopa issued a final response dated 2 July 2023. It said that Mrs P contacted it on 5 May 2023 to discuss her account and was told that she would need to make a payment of £1,000 before 9 May to prevent the account going into default. Mrs P made the payment on 9 May. Zopa said that although Mrs P was told about the minimum payment to prevent the default, she wasn't told that she would also need to restart her contractual payments and set up a repayment plan for the arrears. On 25 May, Mrs P contacted Zopa and said that while she had paid £1,000 she wasn't able to return to her contractual repayments at which point she was told the default process would go ahead. Zopa said that as Mrs P was unable to restart her contractual payments and set up a repayment plan for the arrears it wasn't able to reverse the default applied on 18 June 2023. Zopa acknowledged that Mrs P wasn't provided with the service she should have been and offered to pay her £100 because of this.

Our investigator didn't uphold this complaint. She thought the default had been applied correctly. She thought that Mrs P should have been made aware of the need to make her contractual payments as well as the £1,000 payment on the call on 5 May and because this didn't happen, she didn't think that Zopa had provided the service it should have. However, she noted Zopa had offered to pay Mrs P £100 because of this, and she thought this was reasonable.

Mrs P didn't accept our investigator's view. She said that she was told that by making the payment of £1,000 the default would be stopped. She said it was a great sacrifice to make the payment and that this and her health issues had been ignored. She accepted that Zopa had the right to pursue a default but said that it shouldn't be allowed to say one thing to a customer on the phone and then do another once the call has ended. She said it was agreed that Zopa didn't tell her she needed to make the contractual payments and asked what action Zopa was required to take because of this.

## **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.

In our investigator's view as well as addressing the service issue and the application of the default she commented that the loan had been provided responsibly. This isn't part of the complaint that was raised with Zopa and addressed in its final response dated 2 July 2023. The complaint raised was regarding the default being applied after Mrs P made a payment of £1,000 believing this would prevent a default. It is only the complaint about Mrs P's account being defaulted and the service surrounding this that my decision relates to. If Mrs P has other complaints regarding the provision of the loan, she would need to raise these first with Zopa before referring to this service if she isn't satisfied with the outcome.

Mrs P complains that a default was applied to her account even though she took the recommended action to prevent this happening. I have considered the service Mrs P was provided with when she explained her financial difficulties to Zopa. I have also specifically considered the information Mrs P was provided with in May 2023 and whether, following this, Zopa acted fairly by applying a default to her account.

Having looked at Mrs P's account she started to miss payments in October 2022, and she was sent letters about this. On 13 December 2022, Mrs P called Zopa to explain she was experiencing financial difficulties following the loss of her job but that she was starting a new job in January 2023. A 30-day hold was placed on her account and she was sent an income and expenditure form to complete which I find a reasonable response to Mrs P's situation.

Mrs P completed the income and expenditure form, and this was received by Zopa on 21 December 2023. The outcome showed that Mrs P had a monthly deficit. Zopa tried to contact Mrs P about this but wasn't successful. In January 2023, discussions were held with Mrs P and she said she wanted to set up a payment plan. The issue of a default being applied was explained and Mrs P was told that breathing space would be applied to her account until 10 February.

On 3 February, Mrs P made a payment towards her account reducing the arrears. There were further calls with Mrs P on which the risk of a default was explained. Mrs P offered to set up a reduced payment plan for two months but having looked at her account statement the payments weren't made, and Mrs P was sent a notice of arrears dated 3 May 2023. This notice set out the amount Mrs P needed to pay to settle her account.

Mrs P contacted Zopa on 5 May as she wanted to know if the default could be stopped. I have listened to this call. The status of Mrs P's account is set out and she is told that a default notice has been issued scheduled for 9 May. Mrs P asked if there is anything she can do before 9 May to prevent the default and is told she would need to pay down the account to have less than three months missed payments. The adviser says if Mrs P paid three payments back, totalling around £1,000, that would bring her payment ratio down so that she could then stop the default and set up a payment plan to clear the arrears to stop the default completely.

While I understand why Mrs P is upset that her account was defaulted, and feels she wasn't given the correct advice, in this case I do not find I can say that Zopa was wrong to default her account. I say this because Mrs P had missed several payments on her account and been told about the possible impact on her credit file including the risk of her account going into default. While she had made the payment of £1,000, she hadn't set up a payment plan to clear the arrears which was explained would need to happen to stop the default completely. So, while I understand Mrs P thought the £1,000 payment would stop the default, the information provided suggested this was only a short term situation and that the arrears would need to be kept below the required action to prevent the default process starting again.

After the payment of £1,000 Mrs P was sent a default notice which clearly set out the amount that needed to be paid by June 2023 and the action that would be taken if this didn't happen. As Mrs P wasn't able to make the payment required and the additional evidence suggests she wasn't able to return to her contractual payments, I do not find I can say that the default was applied incorrectly or, that had Mrs P received the information about needing to return to her contractual payments on the 5 May call that this would have changed this outcome.

That said, I find that Mrs P should have been given clearer information on the call on 5 May. While she was told that a payment plan needed to be set up and I can't see this happened, I also accept that she left the call thinking the only action needed was to pay the £1,000. Because of this I accept that Mrs P was caused upset and disappointment when further action was taken. I understand that Mrs P struggled to make the £1,000 payment but this did reduce her balance and it was explained that this was a payment to bring her arrears ratio down and she seemed to understand this. I am sorry to hear of Mrs P's health issues and I would expect, given her circumstances, that Zopa would treat her positively and sympathetically in any further discussions. But while I do not underestimate the upset this issue has caused Mrs P, in this case, I do not think the default was applied incorrectly and I think the £100 offered due to the service issue raised is reasonable.

### **My final decision**

My final decision is that Zopa Bank Limited trading as Zopa's offer to pay Mrs P £100 for the upset caused is reasonable and I do not require it to do anything further.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs P to accept or reject my decision before 28 March 2024.

Jane Archer  
**Ombudsman**