

The complaint

Mr W complains that Zopa Bank Limited offered him a pre-approved loan with a guaranteed APR of 10.5% but once his application was approved the APR was 10.7%.

What happened

On 4 July 2024 Mr W obtained quotes via a comparison website for a pre-approved loan of £10,000. Four quotes were provided. Two of these quotes were at 10.5% and two were at 10.6%.

Mr W went to complete his application with Zopa the following day. Mr W completed the application but says he later noticed that the rate had changed to 10.7%.

Mr W complained to Zopa. He was unhappy that he was going to have to pay more in interest and asked them to honour the 10.5% rate.

In its final response Zopa said a further quote had been provided on 5 July 2024 at 10.7% and Mr W had progressed with this. Zopa said that pre approval was not a commitment to lend money nor was it a guarantee from the lender, but was rather the lenders way of saying they will likely approve you for a certain amount.

Mr W remained unhappy. He said he'd been offered a pre-approved loan with a guaranteed interest rate of 10.5% and the rate switched to 10.7% after he'd completed the application.

Our investigator didn't uphold the complaint. He said that the guaranteed rate shown on the price comparison website didn't mean that it was always guaranteed because lenders still needed to carry out further checks including a credit check which will then give the final APR they can offer. The investigator also said that although he could see that several quotes had been produced using the price comparison website on 4 July 2024 with the lowest rate being 10.5%, the following day a quote for 10.7% was produced and this was the application which was progressed by Mr W.

Mr W didn't agree. He said he hadn't applied for the 10.7% rate because the 10.5% rate was pre-approved and available to proceed. Mr W provide a screenshot of the displayed rate when he made his application.

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.

I know it will disappoint Mr W, but I agree with the investigators opinion. I'll explain why.

Where the information I've got is incomplete, unclear or contradictory, as some of it is here, I have to base my decision on the balance of probabilities.

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 isn't 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.

Mr W says he applied for a loan with a guaranteed APR of 10.5% and ended up with a loan with an APR of 10.7%.

Where a loan is advertised with a Guaranteed APR (as opposed to a Representative APR), this means that the rate you see is the rate you'll get. In order to uphold this complaint, I would need to be satisfied that Mr W has proven on the balance of probabilities that he applied for a loan with a Guaranteed APR of 10.5%.

Mr W applied for quotes via a comparison website. I've reviewed the information provided by Zopa which gives details of the quotes provided to Mr W. Zopa has explained that when a customer is using a comparison website to obtain quotes, each time the customer requests a quote and clicks on Zopa to complete the journey, a new quote will be produced, cancelling the previous quote.

I can see from the information provided by Zopa that Mr W received four Zopa quotes on 4 July 2024, two at 10.5% and two at 10.6%. All four quotes are shown as "cancelled", which means Mr W must have obtained further quotes after these as I've explained above.

I can also see from the information provided by Zopa that Mr W received two Zopa quotes on 5 July 2024. One was at 10.7% and one was at 10.8%. The quote at 10.8% is shown as "cancelled" and the quote at 10.7% is shown as "approved".

Mr W has said that he applied for the 10.5% loan. However, the evidence provided by Zopa suggests otherwise.

I've reviewed a screen shot provided by Mr W. This bears a date of 5 July 2024 and shows a rate of 10.5%. As I've said above, I can see that quotes were generated on 5 July 2024 at 10.7% and 10.8%, but not at 10.5%. This service asked Zopa to comment on this and provided them with a copy of Mr W's screenshot. Zopa has said that Mr W may have logged in on 5 July 2024 and viewed the previous day's quote.

For the sake of completeness I've also reviewed the loan agreement. This would've been presented to Mr W as part of the customer journey before the loan application was completed. I can see that the APR of 10.7% is clearly shown on the first page of the agreement. Mr W had the opportunity to decide not to proceed with his application at this stage if he wasn't happy with the rate.

As I've said above, I have to base my decision on the balance of probabilities. And in this case, I'm persuaded that the evidence provided by Zopa suggests that it's more likely than not that Mr W applied for a loan at 10.7%, not at 10.5%.

Having made that finding, I'm unable to say that Zopa made an error when it gave Mr W a loan with an APR of 10.7%. I won't be asking Zopa to do anything further.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 24 December 2024.

Emma Davy
Ombudsman