

The complaint

Ms G complains Zopa Bank Limited incorrectly sent her a notice of default.

What happened

The details of this complaint are well-known by both parties, so I won't repeat them again here. The facts aren't in dispute, so I'll focus on giving the reasons for my decision.

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.

Having reviewed everything, I've reached the same conclusions as our Investigator, for these reasons:

- Ms G is making her contractual monthly repayments towards her loan; however, she also has a repayment plan in place to clear some arrears that accrued on her account after she worked with Zopa to make more manageable repayments during a period she was experiencing financial difficulties. So she's currently also paying an additional £5 per month alongside her contractual payments, and the evidence I've received shows that this repayment plan was renewed on 12 April 2023. However, despite the repayment plan being renewed on this date, and Ms G having made payments in line with this, Zopa sent Ms G a notice of default.
- Zopa has acknowledged the notice of default sent to Ms G in April 2023, was issued mistakenly. The notice of default was generated by Zopa's system on 12 April 2023, the same date Ms G's £5 repayment plan was renewed. So, I'm persuaded that Zopa's final response letter correctly explained this mistake happened due to a cross-over in dates, and that they weren't in fact intending to default Ms G's account within the timeframe outlined in the notice of default.
- While I'm satisfied Zopa didn't intend to default Ms G account, I don't consider it's unreasonable that Ms G would have found it distressing when she received the notice of default. I also consider her distress would have been exacerbated due to the previous issues she'd experienced with Zopa incorrectly sending her correspondence that suggested she hadn't made her repayments on time. Ms G explained to Zopa that the culmination of mistakes was causing her a great deal of concern and frustration, so I consider Zopa needs to take steps to put things right. Because of this I've had to decide what I consider to be fair in the circumstances.
- Before this case was referred to our service Zopa had offered Ms G a total of £60 for their mistake with the April 2023 notice of default. After reviewing matters again, they increased their offer to £75 when the case came to us, but Ms G didn't think this sufficiently recognised the distress and inconvenience she'd experienced. Having considered Ms G's testimony, alongside all the evidence provided by both parties, I'm

persuaded the £75 award offered by Zopa is in line with what I would have suggested had they not already taken steps to put things right.

- As mentioned above, I agree receiving a notice of default would have been distressing, particularly given Ms G had been proactively working with Zopa to manage her account. However, I must also place weight on the fact that the letter was notifying her of their *intention* to issue a default if her arrears weren't cleared by 12 May 2023 – and she received Zopa's final response letter on 5 May 2023 which explained their mistake and that her account wouldn't be defaulted. I also can't ignore the fact that the notice of default didn't say Ms G's account had already been defaulted and the same information shared with credit reference agencies. So, while I accept the worry Ms G would have experienced, she also had sufficient information that explained her account hadn't been defaulted before the 12 May 2023 deadline passed.
- Ms G has told us she considers Zopa's actions prevented her from getting a mortgage, and her concerns the default would have an impact on her employment. However, I've seen no evidence that shows a default was ever issued against Ms G or was shared with credit reference agencies. But what I have seen are Zopa's system notes that show a default against Ms G's account has been blocked. Because of this, I consider it's more likely than not that a default wasn't issued, nor was a default recorded with credit reference agencies. Therefore, I can't fairly conclude that Zopa's actions had an impact on any mortgage applications Ms G may have made. Ms G also hasn't provided us with anything to support her assertions about the impact/potential impact on her employment. I'm satisfied Ms G has had the opportunity to share any evidence and/or testimony to support her position. But as she hasn't been provided anything to show an impact more significant than I've described above, I consider the £75 offered is a fair and reasonable resolution to this complaint.

For the reasons above, I'm upholding Ms G's complaint – albeit not as she'd hoped.

My final decision

My final decision is that I'm upholding Ms G's complaint against Zopa Bank Limited.

To put things right, Zopa Bank Limited should pay Ms G the £75 they offered in recognition of the distress and inconvenience caused by their mistake.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms G to accept or reject my decision before 26 January 2024.

Sarrah Turay
Ombudsman