

## The complaint

Mr S complains that Zopa Bank Limited ('Zopa') wrongly cancelled his loan application, causing him to miss out on favourable interest rates.

## What happened

Mr S applied for a loan with Zopa in August 2022. Later that day, Zopa contacted him to ask for further information and conducted a 'hard search' of his credit file. On 8 April 2022, Mr S was called by the Zopa underwriting team to clarify a point about his personal account. During that call, he was told that certain amendments to his application would be made in relation to this. He was also told that the underwriter was 'happy with everything' in the application, but that the confirmation email couldn't be sent yet.

Due to an error at Zopa, the amendments discussed in the call on 8 April 2022 were not made in good time and, as a result, the system cancelled Mr S's application. Zopa agreed that it got things wrong and has removed the hard credit search from Mr S's file, as well as offering him £100 to reflect the distress and inconvenience it has caused.

Mr S says that the damage done by this error is far larger than this, as it has denied him access to a loan at favourable interest rates. He says that borrowing is now far more expensive than that which had been agreed and confirmed by Zopa. He thinks that Zopa ought to compensate him for the additional money his losing out on the loan has cost him.

Our investigator thought that Zopa had wrongly led Mr S to believe that the loan would be granted, and had delayed acting upon information provided to it. They thought that Zopa should pay Mr S £250 to reflect the distress and inconvenience caused. Neither Mr S nor Zopa agreed with this. So the complaint was passed to an ombudsman who issued the following provisional findings, so that both sides could respond ahead of a final decision:

*I have listened carefully to the call between Mr S and the underwriter on 8 August 2022. The underwriter said that they were happy with everything in the application, but immediately after this confirmed that the confirmation email could not yet be sent. In the circumstances, I am satisfied that the point had been made, in reasonably plain terms, that there remained some administrative steps to be taken before the loan would be confirmed and paid.*

*It was these administrative steps which caused the issue here. Zopa did not deal with their own administrative steps with reasonable promptness, causing the loan to be automatically withdrawn. This was an unreasonable delay. Zopa says that such cancellations cannot be undone, and it invited Mr S to reapply for a loan, which would be treated as a priority. In the circumstances, I think that this was a reasonable suggestion. Had Mr S done so, I would have expected a similar outcome to his previous application, which was a loan at a rate he found attractive. I do not think that Zopa is responsible for his decision not to do so, nor for the financial impact that this has had upon him.*

*Mr S says that the search in relation to this loan has prevented him from obtaining credit on favourable terms elsewhere. He says that the shift in interest rates generally has made this even more difficult, but has not provided any evidence in relation to his efforts. Zopa is not responsible for other lenders' rates, and cannot be held liable for outcomes for which there is no evidence. And it has provided evidence that it requested removal of the hard search in October 2022. In these circumstances, there isn't any more I can expect Zopa to do.*

*Zopa got things wrong in how it processed Mr S's loan. But I do not think that the evidence supports Mr S's position in relation to the financial impact he says this has had. Nor do I think that the Zopa underwriter wrongly led him to believe that the loan would be paid to him without any further steps. Zopa invited Mr S to apply again for a loan, which would likely have addressed the financial impact in any event. But its mistake did cause Mr S a degree of distress and inconvenience. In all of the circumstances, I am satisfied that the £100 already offered by Zopa appropriately reflects this.*

Zopa responded to say that it had nothing to add in response to the ombudsman's findings. Mr S didn't respond. So the case has now been passed forward for a final 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 done so, I've reached the same outcome as my colleague here and for the same reasons. Neither side has disagreed, or provided any further commentary or evidence to suggest why the outcome my colleague reached may be unfair or unreasonable. So in the circumstances here, I see no reason to depart from those findings, or the proposed outcome.

### **My final decision**

Zopa Bank Limited should pay Mr S the £100 it offered him to resolve this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 8 August 2023.

James Staples  
**Ombudsman**