

The complaint

Mr H complains that Zopa Bank Limited have unfairly refused to write off a £25,000 loan that he says was applied for fraudulently by a third party.

What happened

The details of this complaint are well known to both parties, so I will not repeat everything again here.

In March 2022 Mr H was in contact with a merchant about investing in cryptocurrency. And he provided access to his computer via remote access to this merchant. A loan was completed in Mr H's name with Zopa with the application stating this was for home improvements. At the end of March 2022 Mr H contacted Zopa to raise a fraud claim. Zopa considered the claim but decided that Mr H should be held liable for the loan. It said it assessed the application fairly and received a copy of Mr H's identification and a video selfie during the application on its online verification system. It also sent an e-mail to Mr H to confirm the application had been approved. So, it said Mr H was liable for the repayments on the loan.

Mr H remained unhappy so he brought his complaint to this service. Zopa then told this service that if Mr H returned the £25,000 it would write off the interest that was due on the loan as a gesture of goodwill.

The investigator thought the complaint should be upheld in part. He said that Mr H was aware of the loan and it was received into his bank account. So, he said Zopa hadn't treated Mr H unfairly by asking him to repay the £25,000 loan. And that Zopa had fairly agreed to waive the interest on the loan.

Mr H disagreed and has asked for an Ombudsman's review. He said that he was the victim of a scam but said Zopa are treating him like a criminal. And that his bank had refunded 50% of the money that was taken out with two loan companies (including Zopa). He said Zopa should've completed more checks on the application before agreeing to the lending.

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 agree with the conclusions reached by the investigator for the reasons set out below.

I appreciate that Mr H was asked to download remote access software by the scammers, which enabled them to apply for the loan. However, it seems most likely that Mr H was aware of the finance being applied for in his name. All of his details had been entered into the loan application, including details of his bank account that it was to be paid into. So, I'm satisfied that he was aware and had likely authorised the third-party scammers to apply for

the loan on his behalf, albeit under the impression that this was to go towards his cryptocurrency investment.

The loan was duly paid into Mr H's bank account, where it was subsequently transferred to the scammers. Therefore, I'm satisfied he took receipt of the funds, which were applied for on his behalf by an authorised third party and had the benefit of them. As a result, I'm satisfied he can fairly and reasonably be held liable for repayment of the loan.

In terms of whether Zopa undertook checks that were reasonable and proportionate, I'm satisfied they considered aspects such as credit worthiness and affordability, as well as completing identity and bank account checks. Overall, Zopa was satisfied with Mr H's debt to income ratio, and I've seen nothing that would have given Zopa any cause for concerns that the loan wouldn't have been affordable (such as defaults or a large amount of other debt). So, I'm satisfied the checks they carried out were reasonable and proportionate in the circumstances.

I also don't think there were any circumstances presented that ought to have led Zopa to believe that the loan was being applied for as a result of a scam. The details entered into the loan application appear to be accurate, and the loan proceeds were paid into an account in Mr H's name. So, I'm not persuaded there was any reasons for Zopa to suspect that he was at risk of financial harm, such that they should have carried out further checks.

Putting things right

As a result of the above, I think Zopa's offer to waive the interest on the loan if Mr H's repays the capital sum (£25,000) is fair. But Zopa should continue to treat Mr H positively and sympathetically in the circumstances here.

My final decision

For the reasons given above, I'm upholding the complaint in part. Zopa Bank Limited's offer to waive the interest applied to the capital sum (£25,000) is fair.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 30 March 2023.

Mark Dobson
Ombudsman