

The complaint

Mr D complains that Lendable Ltd is holding him liable for a loan that he says was opened fraudulently in his name.

What happened

The background to this complaint is well known to both parties and so I'll only refer to some key events here.

On 17 June 2022 a £5,000 loan was applied for in Mr D's name with Lendable, via a third-party comparison website. Mr D contacted Lendable about a week later informing them he didn't apply for the loan. He said he'd been scammed by an investment firm, 'G', and they had made the loan application without his knowledge.

Lendable rejected the fraud claim. They acknowledged Mr D had been the victim of a scam but they said Mr D was aware the Lendable payment into his bank account was for a loan in his name, and he transferred the money to G to be invested. They said the mobile chat messages, between Mr D and G, showed he believed the loan would be repaid using the investment profits. Lendable directed Mr D to his bank to try and recover the payments. And, to support Mr D, they offered to waive the loan interest and gave the option of a reduced payment plan.

Mr D complained to Lendable but they didn't change their position. In short, they said:

- When they received the loan application, their fraud checks were carried out successfully and they didn't have any concerns it was fraudulent.
- Upon reviewing the information provided, they concluded Mr D was aware the funds were from a loan and that he believed it would be repaid once he received the investment profits.
- They'd provided Mr D details of debt help charities and, given the difficult the position the scammer had left him in, offered to freeze interest on the loan indefinitely. And so, they'd treated Mr D fairly considering the difficult circumstances he was in.
- But as a gesture of goodwill, and in full and final settlement of the complaint, they were also willing to waive the loan fee and the interest applied prior to it being frozen. This meant Mr D would only repay the amount borrowed – with no fees or charges repayable.

Mr D referred his complaint to the Financial Ombudsman. Our Investigator considered the complaint but he didn't think Lendable had to do anything further. This was because he was satisfied – from the messages between Mr D and G – that he knowingly took out the loan (as well as loans with other lenders too) with the intention of investing the funds. So, while he appreciated Mr D had fallen victim to an investment scam and was tricked into sending the funds from the loan to G, he didn't think Lendable was acting unfairly by holding Mr G liable for the loan.

Lendable agreed with our Investigator but Mr D didn't, so the matter has been passed to me to decide. Mr D has, in short, added:

- He provided a timeline of events for the scam – setting out how he came across G on a social media website and was contacted by them the next day, with a minimum £290 investment amount stated. After this, he later received various credits into his bank account of a significant value. G gave several reasons for this, including that the money came from their own bank account and also apologising for taking out a loan in his name in error (which they assured they would pay back).
- Prior to the £5,000 loan being taken out with Lendable, he told G he wanted to stop trading and close his account. And when the loan was paid into his account, G told him to send the funds to them as this was the procedure to close his account.
- He later realised, after visiting his local bank branch, that G had lied to him and all the deposits were from loans taken out in his name without his knowledge or consent. At this point, he reported the matter to the police and contacted the loan companies.
- His intention was to only invest £290 but G took advantage of him and his vulnerability was exploited by them. He was struggling with his health at the time, worked in a demanding and stressful environment and received numerous phone calls from G at all times of the day – often while at work.
- Everything moved very quickly and he struggled to keep up. G badgered and harassed him, and he was made to believe all the money deposited into his bank account was from G (not loans). He trusted G to pay the loans back from the money in the trading account as they promised but, instead, he found it empty.
- A fake email address was used for the loan application and for the documents to be sent to. He had no knowledge the loans, including the one with Lendable, were applied for and was simply instructed by G to forward the money as per their instructions.
- He didn't click on any of the links sent to him by G – which referred to loans – as he was scared it was another ploy to get more money from him.
- This whole ordeal has been distressing, affecting his mental health and led him to take time off work due to sickness.

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'm sorry to hear Mr D has fallen victim to a scam and I want to reassure him that I don't underestimate the impact this had on him. I've given careful consideration to everything he's said in support of his complaint. But while I appreciate Mr D feels very strongly about what happened, and that he says he didn't take out the loan, I've reached the same outcome as our Investigator and for similar reasons. I'll explain why I think Lendable has acted fairly by holding Mr D liable for the loan.

I've reviewed the message history between Mr D and G. And this includes Mr D sending the following message:

“...This should have ended over a week ago transfer what is owed and pay off the loans you pressured me to take out with the promise you will have paid out and I see none of that”

I've noted Mr D says G told him the money credited into his bank came from their own bank account as well as a loan they accidentally took out in his name. But while I don't doubt G gave Mr D false promises, I don't think the above message supports Mr D's claim he didn't apply for the lending himself. I think the message is clear in that Mr D says he was

pressured into taking the loan(s) by G. And I think it's unlikely Mr D would've referred to being pressured into taking the loans if, in fact, they were applied for by G – as he claims - without his knowledge or consent.

The message history also shows G sent the email address, and what appears to be the account password, that was used in the loan application to Mr D. As well as links to the third-party comparison website used to apply for the loan – with “*email-loan-journey*” and “*loan-eligibility-check*” included in the website addresses. This, to me, further suggests Mr D did apply for the loans himself, albeit with the direction of G. I see no plausible reason why G would've shared this information with Mr D otherwise.

Furthermore, I've also taken into consideration that Mr D spoke with a different lender relating to another loan – for £15,000 - that was applied for at around the same time. And the lenders records show the reason Mr D gave for the loan was relating to home improvements and not investment purposes. And that there was also a further conversation about the direct debit being set up and when Mr D could expect to receive payment before he reported to the lender that he'd been scammed (whereby he admitted he wasn't honest with the lender about the loan purpose). Because of this, I think it's most likely Mr D likewise applied for the Lendable loan for the purpose of investing the funds with G.

I realise Mr D was tricked by 'G into thinking the investment opportunity was genuine and I greatly sympathise with his situation. I appreciate this matter has impacted him financially but also taken a toll on his health. But, for the above reasons, I'm not persuaded the loan was applied for fraudulently. Instead, I think it's most likely Mr D applied for the loan and transferred the funds to G in the hope of paying it off using the investment returns. It follows that I think Lendable is acting fairly by holding Mr D liable for the loan.

Lendable has taken Mr D's unfortunate circumstances into consideration and offered to write off all interest and charges. I think it was reasonable for Lendable to do this. Mr D should however contact Lendable directly to arrange repaying the loan.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 7 November 2023.

Daniel O'Dell
Ombudsman