

## **The complaint**

Mrs C is unhappy Zopa Bank Limited won't agree to write-off a loan she took out as part of a scam.

## **What happened**

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

Since coming to our service Mrs C has raised some concerns around whether the loans should've been granted due to her income/expenditure at the time. However this wasn't a complaint point she originally raised with Zopa or our service. The remaining loan has since been sold on to a different firm and I understand she's now brought an unaffordable lending complaint against them.

This decision only addresses whether or not Zopa should write-off the loan because it was taken out due to Mrs C falling victim to an investment scam, the complaint originally brought to us. Any other complaint points around the lending need to be dealt with separately.

## **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 these reasons:

- While Mrs C has explained the scammer applied for the loans on her behalf, she was aware of them. Zopa spoke to Mrs C to discuss the borrowing before the loans were approved, so she had the opportunity to stop the loans had she not wanted them.
- Mrs C may not have completed all the paperwork herself, but she understood the money was being applied for; agreed to this; and in both loan calls falsely told Zopa the money was for 'Home improvements' and elaborated on this with the agents. In both her calls with Zopa she also states she's applied for the loans herself and that they aren't for investments. And in the first call she also confirms that loan isn't for cryptocurrency.
- I accept Mrs C took out the borrowing because the scammer told her that she'd make enough returns from the investment to clear the debt within three months, which wasn't the truth. But Zopa didn't know this and lent the money in good faith, in line with what Mrs C told it the purpose of the loans was. And Mrs C has spent the funds.
- I accept Mrs C is in a difficult situation financially by having to repay the remaining Zopa loan. But the fact she applied for the loan as part of a scam isn't in itself a reason for her not to repay these funds. She knowingly borrowed the money from Zopa and spent it, so it wouldn't be fair for me to say Zopa should now write-off this debt because a third-party deceived Mrs C and told her to lie to Zopa.

For these reasons, although I understand Mrs C's distress and difficulties, I do not uphold this complaint

**My final decision**

For the reasons set out above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs C to accept or reject my decision before 22 April 2024.

Amy Osborne  
**Ombudsman**