

## **The complaint**

Mr H complains Zopa Bank Limited didn't do enough to protect him when he fell victim to an online scam and didn't do enough checks before agreeing to lend.

## **What happened**

Mr H has an account with a business who I'll refer to as "H" throughout the rest of this decision. This complaint is about Zopa Bank and a loan that Mr H says came about whilst he was falling for the second of two cryptocurrency scams he fell victim to in July and August 2022. I'll refer to these two separate scams as "scam one" and "scam two" throughout the rest of this decision and the main person he was speaking to in relation to each scam as "scammer one" and "scammer two". Mr H says the Zopa Bank loan is a loan that "scammer two" took out without his knowledge or consent.

In July / August 2022 Mr H says he started to invest small amounts in cryptocurrency having come across two separate investment opportunities online. As I've already mentioned, he was, in fact, speaking to two separate scammers and falling for two separate scams.

### **Scam one**

Mr H says he asked "scammer one" in August 2022 if he could withdraw some of the profits he'd made on his investment. He was told that was fine, but when he went ahead with the withdrawal Mr H says he received an email telling him that he'd have to make a deposit of around £6,000 before his withdrawal would go through. Mr H says he spoke to "scammer one" and they suggested a solution to him that would involve him receiving £10,500 which he could use as a deposit and which he'd then get back along with the money he wanted to withdraw. He agreed, but despite having paid the deposit was still unable to withdraw. Mr H says he then discovered that he was being scammed, and that the £10,500 he'd received was, in fact, a loan. He contacted the lender and they ultimately agreed to write the loan off.

### **Scam two**

Mr H says he had a stronger relationship with "scammer two", and he told them what "scammer one" had done. He says that "scammer two" offered to help him recover his money – and this made him feel even more comfortable that they were genuine. Shortly afterwards, Mr H says scammer two suggested taking out loans so he could invest more. He says he told "scammer two" that he couldn't afford to take out any more loans. He says "scammer two" then told him that funds would arrive in his account with H and all he needed to do was transfer the funds he received to the cryptocurrency exchange he'd been sending money to for onward investment. Two payments arrived in Mr H's account – a payment of £15,000 on 23 August 2022 and a payment of £20,000 on 24 August 2022 – and left shortly afterwards having bounced back on a couple of occasions. Mr H says he subsequently discovered that these payments were, in fact, also loans and that he'd fallen victim to a second cryptocurrency investment scam.

## **Zopa Bank**

Mr H contacted Zopa Bank on 14 September 2022 to say that he'd fallen victim to two separate cryptocurrency investment scams, that "scammer two" had applied for a £15,000 loan from Zopa Bank and that he wasn't aware that the application had been made at the time. He asked Zopa Bank to write off the loan, saying that the proceeds had been lost to a scam.

Zopa Bank looked into Mr H's claim and agreed to remove the loan – along with all adverse credit information – from his credit file and remove all interest and charges too. But it said that it still expected Mr H to repay the capital he'd borrowed – as the loan proceeds had been paid into his account. Zopa Bank invited him to agree an affordable repayment plan.

Mr H complained to Zopa Bank on 12 October 2022 about its decision to hold him liable saying that it had been fraudulently obtained. Zopa Bank looked into Mr H's complaint and said that photo ID and a selfie video had been uploaded onto its systems on 23 August 2022. Zopa Bank said based on these, and the information it had on file, there was no reason to believe the loan application was made by anyone other than Mr H. Zopa Bank did so in November 2022.

In March 2023 Mr H complained to Zopa Bank saying that it hadn't done enough to protect him when he was scammed, that it hadn't done enough checks before agreeing to lend and that the loan was, therefore, irresponsible.

On 1 May 2023 Zopa Bank replied to Mr H complaint's that Zopa Bank hadn't done enough to protect him when he was scammed, that it hadn't done enough checks before agreeing to lend and that the loan was, therefore, irresponsible. Zopa Bank said that it had already dealt with his complaint that the loan had been fraudulently obtained in November 2022 so it wasn't going to do so again. It also didn't agree that it hadn't done enough checks but said that the steps that it had already taken were the same steps it would take to put things right when dealing with an irresponsible lending complaint.

Mr H remained unhappy with Zopa Bank's response and complained to us. He did so on 16 October 2023.

One of our investigators looked into Mr H's complaint and said that the evidence showed he was aware that the funds he'd received were loans – even if he hadn't known about the applications – by the time he'd received them and so he knew he was transferring loan proceeds when he paid the proceeds towards what he believed were genuine investments. So, they didn't recommend the loans be written off on that basis. They also said that the checks Zopa Bank had done hadn't been proportionate. The appropriate remedy for that, however, in this case would be to remove charges and interest and Zopa had done this. In the circumstances, our investigator didn't recommend that Zopa do more. Mr H didn't agree with our investigator's recommendations and said he wouldn't have gone ahead with any of the loans had he been contacted. He also said that the combined repayments of the loans are completely unaffordable and that recent health problems have made matters worse and his income is likely, if anything, to go down in the coming years. He asked for his complaints to be referred to an ombudsman for a decision. They were both passed to me.

### **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.

Mr H has not only complained to us that Zopa Bank shouldn't hold him liable for the loan that was taken out in his name – because he wasn't, he says, the one who applied for it – but has also complained that Zopa Bank should never have lent to him because it was

irresponsible to do so. Our investigator looked into these issues and, in the course of doing so, said that they agreed the checks that Zopa Bank did weren't proportionate. I agree. We wouldn't, however, tell a lender to write off a loan simply because the checks it carried out weren't proportionate. If, for example, we agree that the consumer has had the benefit of the loan, then we often say that the lender can still ask the consumer to repay the capital. In a case like this there are other things that we'd normally take into account including, for example, whether a customer has been tricked into moving the money.

Based on the evidence I've seen, I'm satisfied that Mr H's genuine details were used when the Zopa Bank loan was applied for. I'm also satisfied that Mr H gave the scammer he was talking to access to his computer – by downloading remote access software and then giving the scammer access whenever they asked – and that he knew that this allowed the scammer to apply for loans as that's what the previous scammer he'd fallen victim to did and that shortly after he'd received the proceeds of the loan he knew that he'd received a loan. I, therefore, agreed with our investigator that this isn't a case where I ought to be asking Zopa Bank to write off this loan. I also agree that the steps that Zopa Bank has taken to date – removing the interest and charges – have been fair.

Following my involvement, I spoke to Mr H at length as he'd let us know that his health has got worse, and that he's been diagnosed with cancer and has been going through treatment. He's sent us evidence to back all of this up. It's also clear that he's worried that his finances are going to get worse – particularly if his health deteriorates further. It's clear too that he has very limited disposable income and that the loan repayments he's been expected to make are going to become difficult for him to sustain. Having thought very carefully, I think the right thing to do is to let both businesses agree a reasonable and affordable repayment plan taking Mr H's new circumstances into account and the reason why he's in this position in the first place – namely he was the victim of two cruel scams.

### **My final decision**

My final decision is that Zopa Bank Limited has acted fairly to date. Both parties now need to agree a reasonable and affordable repayment plan taking all of Mr H's circumstances into account – including his recent health problems and how he got to this point.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 3 January 2025.

Nicolas Atkinson  
**Ombudsman**