

## **The complaint**

Mrs M complains that Zopa Bank Limited trading as Zopa is holding her liable for a loan which she says was taken out fraudulently in her name.

## **What happened**

Around September 2023 Mrs M came across a company, C, claiming to offer a low-risk investment opportunity. She says C claimed to be connected to a well-known public figure, and to hold international offices – including in the UK. Mrs M decided to invest with them. Unfortunately, C were operating a scam.

In November 2023 Zopa received, and approved, an application for a £20,000 loan in Mrs M's name. It paid the funds into her bank account, and she sent them on. The money was ultimately lost to the scam.

Mrs M says the application was completed by the scammers without her knowledge or agreement. She has explained that she had been asked to pay various fees to withdraw from C's investment platform – and thought the money coming in was being paid by companies affiliated with C to help fund this.

When the scam came to light, Mrs M asked Zopa to cancel the loan. It agreed to remove the interest charges but said she would still need to repay the capital amount of £20,000.

Unhappy with this response, Mrs M referred the matter to our service. Our investigator found the application used Mrs M's genuine contact details, meaning she was sent details of the loan. Mrs M had also spoken to Zopa about the application. The investigator thought she had therefore agreed to the loan.

Mrs M suggested the loan had been irresponsibly lent. But the investigator thought that, as Mrs M had moved the loan funds on (albeit due to being tricked by the scammers), and as Zopa had agreed to remove the interest charges, it could still fairly seek repayment of the capital.

Mrs M has appealed the investigator's outcome. In summary she says she didn't apply for the loan and it was granted irresponsibly. She was put under pressure and tricked by a sophisticated scam; she never thought she would need to repay the loan, which is unaffordable for her. In the circumstances, and given the impact of the scam, it's unfair to pursue her for the loan.

## **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 decided not to uphold it. I appreciate this will be very disappointing for Mrs M – who has clearly fallen victim to a scam. I've set out below how I've reached my conclusions.

I'm aware of the overall impact this scam has had on Mrs M. The wider context is that several loans were taken out, and several accounts were used to pass on the funds, during the scam. I'm considering complaints from Mrs M about each firm involved. I need to consider their responsibilities individually. But I have considered the cases together – and have taken on board the overall context, and the overall impact on Mrs M, when considering each case.

Zopa has already agreed to waive the interest that would normally be chargeable under the loan agreement. But it is seeking to recoup the £20,000 it paid into Mrs M's account. I accept she has lost those funds to the scam. But that in itself doesn't mean it would be fair for me to instruct Zopa to "write off"/stop pursuing this debt.

Mrs M says she didn't complete the application herself. I accept that seems plausible. However, for the reasons I've set out below, I think she was aware of the loan application made on her behalf.

I can see the email address used on the application was one Mrs M had access to and used when reporting the scam. That means she would have received the emails Zopa sent – such as to request the ID it needed to consider the application, and to confirm that the loan had been approved. Even if the application was completed by the scammers, and/or they were remotely accessing her emails, she also had access to these messages.

Mrs M also called Zopa to chase up the loan, claiming this was because she needed to pay workers (rather than because she thought she needed to pay fees to withdraw from C's platform). She was subsequently called by Zopa's underwriting team. Mrs M confirmed the loan amount and claimed the funds would be used for home renovations – specifically her kitchen.

Zopa then explained that, despite what she had said about the purpose of the loan, it still needed to check whether she intended to use any of the funds towards "*any form of financial investment*", or to purchase cryptocurrency. Mrs M replied, "*No, of course not*".

Mrs M says her response was correct as she thought the funds were needed for C's verification process, rather than being invested. Regardless, that shows she was aware the funds weren't going to be used for kitchen renovations, as she told Zopa.

Zopa went on to explain she was applying for a loan directly with Zopa. It said it was a personal loan in her name, meaning she was "*personally liable*" for the repayments. It said it had "*no affiliation with any investment companies*". Again, Mrs M replied to confirm this.

Given the level of contact Mrs M had with Zopa during the application process, I'm persuaded she was aware of and agreed to the loan. I also think Zopa made it clear she was personally liable for the lending. Despite that, and despite the warning it wasn't affiliated to any investment companies (as C claimed it was), Mrs M decided to proceed.

In those circumstances, my starting position is that Zopa can seek to recover these funds. But I have gone on to consider the further points Mrs M has raised about why she doesn't think that is fair in the circumstances.

Mrs M has provided a document from C referring to a loan agreement between Mrs M; her bank; C; and "*third-party loan firm (collectively referred to as 'the Parties')*". She says she thought Zopa were a partner of C's, and that the calls were all part of the anti-money laundering verification process required to withdraw from the investment platform.

However, I'm conscious this document sets out that Mrs M will be entering a loan agreement with a third-party – albeit it says this will be replaced by the agreement with C (and the bank and the third-party loan firm) once the withdrawal is completed. So, while I appreciate Mrs M says the scammers told her she would have no responsibility for repayments, the document still reflects that she was taking out lending.

While Mrs M suggests some information on the application may not have been correct, I don't think Zopa had reason to suspect she hadn't applied for the lending. It spoke to her directly about the application, and her responses to its questions and warnings didn't, in my view, give it cause to think she was at risk from fraud.

Mrs M says she thought that, as set out in the agreement with C, she had to follow C's instructions during the loan process. But that still doesn't make it clear why she would have to give Zopa a false explanation for how she would use the funds if it was partnered with C and had agreed to provide funds to support the verification process.

Mrs M says the lending was unaffordable for her – particularly given the number and value of the loans taken out during the scam. But where all the loan applications were made very close together, I don't think the full extent of the borrowing being applied for would have been visible to the lenders.

Even if Zopa should have realised from the outset that the loan was unaffordable, that doesn't mean the fair remedy is that it should write off the lending in full. Zopa has already agreed to remove the interest on the loan – meaning it is only seeking to recoup the amount it paid Mrs M, and which she moved on.

Overall, I think Zopa entered into this agreement in good faith with no substantial reason to doubt it was applied for by Mrs M – bearing in mind the funds were paid into her own, genuine account and that it spoke to her about the application.

I am aware Mrs M has been left with a substantial loss overall from this scam, and that she was tricked into moving the funds on. But in all the circumstances, I consider it fair for Zopa to seek repayment for the capital it lent. I'd highlight that Zopa has said it is open to engaging with Mrs M further about the terms for repaying this debt – and I'd expect it to treat her with forbearance and due consideration when doing this.

Firms are expected to ensure data they report on a consumer's credit file is fair, accurate, consistent, complete and up to date. To do that, it's likely Zopa will need to report the outstanding debt it is seeking repayment for on Mrs M's credit file.

### **My final decision**

For the reasons given above, my final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 22 April 2025.

Rachel Loughlin  
**Ombudsman**