

## **The complaint**

Mrs C complains that Zopa Bank Limited (“Zopa”) is unfairly holding her liable for a loan she was tricked into obtaining as part of an investment scam that she fell victim to.

## **What happened**

The details of this complaint are well known to both parties, so I won’t repeat everything here. In summary, Mrs C fell victim to an investment scam in the summer of 2023. The scammer told her that she needed to borrow money in order to fund the investment.

Several loans were applied for, including a loan for £20,000 with Zopa. Mrs C says she granted remote access to the scammer who made the loan application in her name. The funds were paid into her account with a high street bank and subsequently transferred out to another account in Mrs C’s name, before being sent to an account in the scammer’s control.

## **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 learn that Mrs C has gone through a difficult time since falling victim to the scam last year. It’s understandable that she feels very strongly about this complaint. So, I’d like to start by reassuring all parties that although not everything that’s happened or has been argued is mentioned in the previous section, I have considered everything that’s been submitted in its entirety.

Having done so, I’ve decided not to uphold this complaint as I don’t think Zopa has acted unfairly or unreasonably in holding Mrs C liable to repay the loan. I’ll explain why.

Section 83 of the Consumer Credit Act (CCA) 1974 sets out that a person won’t be held liable for a debt if it was taken out by another person who wasn’t acting as their agent. So, I’ve considered the extent to which Mrs C was involved in the loan application with Zopa, and whether she ought reasonably to have known that she had received the proceeds of a loan into her account.

I accept it’s possible that Mrs C didn’t complete the loan application herself, and that it could have been completed by the scammer when she gave them remote access to her device. But that doesn’t mean Mrs C can’t fairly or reasonably be held liable to repay it if the evidence shows that, on balance, she knew that finance was being taken out on her behalf, and if she knowingly received and utilised the funds.

As the investigator has highlighted, and I agree, the application information shows that the loan was applied using Mrs C’s personal details. The email address provided is the same one Mrs C has been using to correspond with our service. So, I’m satisfied that she would have received correspondence from Zopa to that same email address – including a request to call the bank to verify some information. And I can see that Mrs C did phone Zopa as requested.

I've listened to the recording of the relevant call. Mrs C was asked about the purpose of the loan, and she said she was borrowing money to complete home improvements. She added that she wanted to refurbish her property and create a bedroom with an ensuite. Zopa specifically asked Mrs C whether any of the loan funds would be used for an investment, and she confirmed that wasn't the case and that she wanted the money to refurbish her home.

Based on the available information, I'm satisfied that Mrs C was aware that a loan had been taken out in her name and that she had some form of involvement in the application process. I also find it unlikely that the loan funds were moved out of her account with the high street bank without her involvement in some way.

Overall, I think Zopa has entered into this agreement in good faith with no reason to doubt it was applied for by Mrs C. And it seems likely Mrs C was then involved in passing on the loan funds, with awareness they were from a loan in her name. In the circumstances, regardless of whether Mrs C has received any 'real' benefit from the loan, or was tricked in some way, I don't consider it unfair for Zopa to hold her liable for the loan.

Mrs C states that other loans, also taken out as part of the scam, have been written off by the respective lenders when they were made aware of the circumstances in which the loans were obtained. She questions why Zopa has taken a different approach.

I understand the point Mrs C is making here. I don't know why other lenders have taken the decision that they have – our service hasn't been asked to consider a complaint about them, so we haven't received their complaint file. It could be that they've exercised their commercial discretion.

It's also worth adding that I don't know what information the other lenders had when they assessed Mrs C's application, or later when they made the decision to write off the outstanding balance. My decision is about the loan involving Zopa. Here, I can see that Zopa did carry out additional checks before approving the loan – including asking Mrs C whether any part of the loan was intended to be used for investment purposes. The fact is that Mrs C misled Zopa. Under the circumstances, I don't consider it unfair that Zopa continues to enforce the terms of the loan contract.

I appreciate this leaves Mrs C in a difficult position. Lenders are expected to treat customers in financial difficulties with forbearance and due consideration. I would urge Mrs C to discuss her circumstances with Zopa so it can assess the situation and discuss repayment options. I've been made aware that earlier in the year Zopa offered to write off half the amount borrowed if Mrs C agreed to a plan to pay back the other half. But nothing has been agreed and there's no plan in place. If Mrs C now wishes to explore that option, she should contact Zopa directly to check if the offer is still available and discuss the repayment terms.

I recognise that this outcome will come as a disappointment to Mrs C. But overall, I'm not persuaded that Zopa has acted unfairly or unreasonably in holding her liable to repay the loan.

### **My final decision**

For the reasons given, my final decision is that 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 9 September 2024.

Gagandeep Singh  
**Ombudsman**