

The complaint

Miss H has complained Zopa Bank Limited is holding her liable for a personal loan that was taken out fraudulently.

What happened

In early 2023 Miss H went to a party locally. She met a couple of blokes and was encouraged to help them out when they wanted to use her account for transferring some money from a car purchase.

Miss H gave them her debit card details and the next thing she realised was money being paid into her account. Over 10 days four amounts of money were deposited in her account.

On 21 February, £4,000 was deposited by Zopa. A day later £18,000 was paid into Miss H's bank account from her own bank. On 28 February a further £4,000 was deposited from another loan company, L. On 3 March a third loan company, A, paid £7,000 to Miss H.

Miss H made various large payments out of her bank account to the individuals she'd met. There were also large cash withdrawals over a period of days and some additional spending.

Miss H complained to Zopa that she'd never taken out the loan. She believed this had been when she allowed the people she'd met to use her bank account. She realised she'd been duped. She'd also complained to Action Fraud that the individuals she'd met had threatened her in her home town, and she'd had to give them cash from her account as well.

Zopa told Miss H she'd been aware of the loan application as the details were sent to her email address. They believed she should be liable for the loan repayments. Miss H brought her complaint to the ombudsman service. She also provided snapshots from her social media accounts showing individuals threatening her and taking advantage of her situation.

Our investigator reviewed what had happened. She believed the evidence from Miss H did indicate that she hadn't made the bank loans. She asked Zopa to remove interest and charges from the loan, remove negative data from Miss H's credit record and agree a suitable repayment plan for the outstanding loan.

Miss H has asked an ombudsman to consider her complaint.

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 reached the same outcome as our investigator. I'll explain why.

There's no doubt Miss H was duped into giving individuals her account details. She thought she would be getting payments from them which she'd then transfer to their accounts. I think, however, as Miss H provided us with screenshots from her account, that it would have been clear to her quite quickly that the total of £33,000 paid into her account were from

loans.

The loans all seem to have her email attached. The email from Zopa dated 21 February 2023 was in all likelihood sent to that email address so it's difficult to see how Miss H wouldn't have noticed this was a loan. I accept, however, that she may have quickly become worried about what had occurred but continued to pay out money to the individuals who'd involved her in a scam.

I believe this was a scam as the fraudsters appear to have used a specific third party as their credit broker to provide distance between themselves, Miss H and the loan companies.

What is difficult to judge is how involved Miss H was in this. However based on the information I've been able to get from her bank statements, the evidence provided to us by Miss H and that given by Zopa, I note:

- It's more than likely Miss H didn't apply for the loan with Zopa. However I do believe she will have been aware of it as the funds hit her account.
- The spending on Miss H's account do show her, I believe, benefitting from the loan credits. Whilst payments were made to the fraudsters – which I believe she was under duress to do despite her concerns that these were loan funds – the money left in her account on 7 March is £3,000 higher than it was before any loan money was paid in. As far as I can tell during this period, Miss H wasn't working or receiving any regular income apart from benefits.
- There were a series of high amounts of cash withdrawals in May totalling £1,250. I suspect this was when Miss H was further bullied as confirmed in her testimony.
- Zopa assessed Miss H as able to repay a loan of £7,000. I believe some of the data they considered may well have been falsified. There certainly couldn't have been any genuine payslips as I don't believe Miss H was employed at the time despite Zopa believing she had an annual income of £29,500.
- I do accept Miss H got herself involved in something that all turned nasty. She felt threatened and was concerned for her elderly parents. I don't dispute what her social media feed shows. This has also been shared with Zopa.

I am concerned at the impact this must all be having on Miss H. She's now being held liable for £33,000 in personal loans and I don't see any immediate chance of her being able to repay these.

Putting things right

Like our investigator I am going to ask Zopa to take action.

They need to only require Miss H to repay the capital amount of £4,000 rather than any interest and charges due on the loan as well. I believe this is a fair resolution based on what I know about the loans and the money remaining in Miss H's account.

As I confirmed I don't believe Miss H took out this loan, it wouldn't be fair for the negative data to remain on her credit record.

Miss H is in a perilous financial situation as she's going to have to repay £33,000 in total so Zopa will need to take this into account and agree a suitable repayment plan with her.

My final decision

For the reasons given, my final decision is to instruct Zopa Bank Limited to:

- require Miss H to only repay £4,000 in total for the loan applied in her name on 21 February 2023;
- write off all interest and charges related to this loan;
- remove negative data, including the default, from Miss H's credit record; and
- agree a suitable repayment plan with Miss H.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss H to accept or reject my decision before 23 August 2024.

Sandra Quinn
Ombudsman