

The complaint

Miss M has complained that Lendable Ltd are holding her liable for a debt which was taken out as the result of a scam.

What happened

Miss M was contacted by scammers posing as bank staff, who said someone was taking out loans in her name. She says they told her that in order to clear the debt, she needed to click the links she was emailed, then once the funds came into her account, to send the money to cryptocurrency accounts. She did so. As part of this, she agreed to a £2,500 loan with Lendable.

Miss M realised she'd been scammed and reported this to Lendable. Lendable held her liable for the principal of the loan but waived the interest and fees. Miss M was in financial difficulties and has been paying back what she can afford.

Our Investigator looked into things independently and found it was fair for Lendable to hold Miss M liable for the principal, but said they should remove the adverse data on her credit file. Lendable didn't agree, so the complaint's been passed to me to decide.

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 understand that Miss M was scammed here, for which she has my sympathy. I know this cannot have been an easy time for her. It's worth keeping in mind that it's the scammers who are primarily responsible for what happened. But I can only consider what Miss M and Lendable are responsible for in this dispute between them.

I can't see that Lendable had sufficient reason to think it wasn't Miss M applying for this loan. Her correct details were provided, she verified her contact details, the application passed its checks, and nothing suspicious was found in the application.

It's not clear whether Miss M submitted the application herself or whether the scammers did it for her. But Miss M received all the relevant communication, to the same contact details she gave us, and Lendable's records show she read it. This included:

- A quotation setting out the loan applied for, where she clicked a link to proceed with the loan;
- An email asking her to verify her email address in order to proceed with her loan request, which she verified;
- A text message asking her to verify her phone number if she wanted to proceed with her loan quote, which she verified;

- A loan agreement, which she electronically signed;
- An email confirming that the loan she'd taken out was in its way to her account; and-
- An email confirming her direct debit to repay the loan she'd taken out.

Miss M confirmed she received these emails, and no one else had access to her emails. Lendable produced read receipts to show she read them. And Miss M provided copies of some of this communication to us herself. So I can be satisfied she did receive them.

While Miss M says she didn't read the emails or texts properly, I think they were sufficiently clear about what was going on. I find that Miss M ought reasonably to have been aware that this was a loan being taken out in her name which would need to be repaid. And she ought reasonably to have understood that if she took all these steps to agree to the loan, then she would be liable for it. I also note that while most of the money was sent on via crypto, some was left in Miss M's account. I understand this may have been because her bank blocked the activity as suspicious, rather than because Miss M was trying to keep the money. But nonetheless, it means Miss M has benefitted from the loan, even if only by fairly little.

So I cannot fairly or reasonably tell Lendable to write off the loan's principal. I find it's fair that Lendable agreed to waive the interest and fees, given that this loan was taken out as a result of a scam and Miss M did not benefit from the bulk of the funds.

Next, I've considered how the loan should be reported on Miss M's credit file. I appreciate that Lendable generally need to reflect things as accurately as possible, so I'm not telling them to remove it entirely. However, it looks like the missed minimum payments were caused by a mixture of the loan being unaffordable for Miss M and the loan being in dispute. Lendable have not provided sufficient evidence to show that they verified the loan was affordable for Miss M. On the other hand, Miss M has provided substantive documents from an independent debt advice charity showing that the loan's not affordable for her. And given there was a reasonable dispute over whether Miss M should be liable for the loan or not, Lendable should've really put the account on hold for that period. Further, Miss M has been proactive in trying to deal with the loan and in making repayments she can actually afford.

Taking into account the particular circumstances of this case, it's not very fair, nor a very accurate reflection of the situation, to simply report that Miss M missed those payments. Lendable could, alternatively, now report that she's in an arrangement to pay. Similarly, they should only be reporting the balance of the principal, not the interest or fees, as that is all that Miss M is liable for.

Putting things right

I direct Lendable Ltd:

- Only hold Miss M liable for the principal of the loan, and not the interest or fees, as it has agreed; and-
- Remove the historic adverse data about this account from Miss M's credit file and only report the balance based on the principal, not the interest or fees.

My final decision

For the reasons I've explained, I uphold Miss M's complaint in part, and direct Lendable Ltd to put things right by doing what I've said above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M to accept or reject my decision before 21 November 2024.

Adam Charles
Ombudsman