

The complaint

Mr H has complained Lloyds Bank plc, trading as MBNA, is asking him to repay a personal loan he didn't take out.

What happened

In 2024, Mr H fell for a scam. After seeing an advert on social media endorsed by a well-known individual about investment opportunities, Mr H provided his details showing his interest in investing. A company's financial advisor (who I'll refer to as M) contacted Mr H. Mr H initially invested £200.

Under M's instruction, Mr H downloaded software allowing remote access to his laptop. He did this every time he spoke to M as he believed, they were helping him to set up his investments. They also helped him set up another account with another bank (R).

Mr H was convinced by M that his investments were doing well. However, he was told that he'd need to make large payments to comply with anti-money laundering requirements. Mr H was aware that payments from his savings account with another bank (N) were paid to R.

Two loans were taken out with MBNA for £25,000 and another credit provider (S) for £20,000. These funds credited his account with N. As soon as Mr H became aware of the loan with S, he alerted them. They claimed the funds back and N sent back £20,000 to S. S then confirmed to Mr H they were happy his loan had been taken out fraudulently.

Mr H noted the funds from MBNA paid into his account with N. He transferred this to his savings account. However, it was mostly these funds that N returned to S. By the time MBNA asked for funds to be recouped, there was little left in Mr H's account with N.

Obviously at this stage Mr H became aware he'd been the victim of a scam. Money had gone from his account with N, as well as substantial savings. Under £2,000 remained in his account with N, who'd also blocked use of this account.

The loan for home improvements completed with MBNA for £25,000 was done on 17 July with Mr H's account being credited on 18 July 2024. This application was completed with all of Mr H's personal details, including an email address which M had set up on Mr H's behalf and which he knew about. Letters and emails confirming the loan were sent to Mr H's email and home address. It was the letter – Mr H says – that alerted him to the loan having been taken out.

MBNA wouldn't cancel the loan as they confirmed the application process had been completed without any indication that anything was wrong. As the funds had all been paid into his account with N, MBNA believed Mr H had had the benefit of the loan money.

Mr H brought his complaint about this loan to the ombudsman service. A complaint has also been opened against N about the disputed payments that were made.

Our investigator was able to note the correspondence Mr H held with M and his evidence

that he'd received no information about the personal loan until MBNA's letter was received.

Based on technical data from MBNA as well as the evidence that Mr H authorised the transfer the funds from N, our investigator believed it was most likely that Mr H had known about the application despite being the victim of a known investment scam. He wasn't going to ask MBNA to do anything further.

Mr H was extremely upset as he understood he was to be held liable for considerable funds which he no longer had. He was also in poor health and was distressed about what he'd gone through. He's asked an ombudsman to make a decision on his 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.

Where there is a dispute about what happened, I have based my decision on the balance of probabilities. In other words, on what I consider is most likely to have happened in the light of the evidence.

Enough of the detail of what happened to Mr H is covered above. I don't intend to repeat more of what happened as the details must be distressing for Mr H. I'm aware this has taken a dreadful toll on Mr H's mental health and MBNA should be aware that I'm satisfied Mr H is highly vulnerable.

I expect MBNA to note and act upon Mr H's vulnerability appropriately.

I can confirm I have read all of the evidence carefully. But unfortunately for Mr H I have to confirm that I won't be asking MBNA to do anything further. However, there's no dispute that Mr H has been a victim of a horrible scam. He was encouraged by M to believe that she was acting in Mr H's best interests and could even be interested in dating him.

Both parties know that existing consumer credit legislation says that a customer can't be held liable for a loan if it was taken out by an unauthorised party.

Overall, I am satisfied Mr H did know about the credit agreement being taken out even if I accept it's possible he didn't apply for the credit agreement himself. I say this based on the following issues:

- In the case of the MBNA loan, I have seen the personal information provided to support his application. It's unlikely that any other party, apart from M, had access to his personal data. I accept that M was given access to Mr H's laptop, but Mr H was generally present whilst the transactions were being made.
- This credit application came to MBNA through a price comparison website. I'm prepared – knowing Mr H's digital limitations – to accept that M made this. As this loan was applied through these means, MBNA has been unable to confirm the IP address used so I can't identify whether this is Mr H's normal IP address. But this isn't a main aspect when I consider the decision I'm making.
- I've seen evidence from MBNA that confirmation of the loan agreement, copies of the loan agreement, as well as in some cases digital codes to enable signature, were all sent to Mr H's email address, home address by mail and mobile telephone numbers.

I find it hard to believe that Mr H never saw or received any of this until the letter arrived.

- There's nothing to suggest Mr H wasn't the individual making payments from his account with N which is where all the personal loans were paid into. Mr H has told us he paid the money from this loan into his savings account, so I think there's no dispute at that stage Mr H knew about this loan. I wonder why he didn't contact MBNA immediately as he had S, since it's clear that he knew about the funds and was able to transfer them, essentially making use or benefitting from them.
- Mr H has wondered why S accepts the loan was fraudulent whilst MBNA doesn't. I don't know for sure but I think that this is because the £20,000 originally paid to N was reimbursed in full to S.

As I believe it's most likely Mr H knew about this loan, and was able to use the funds, I don't think it would be fair to ask MBNA to do anything further.

However, MBNA must be aware of the level of debt that Mr H now has. This is a considerable amount of money and if it wasn't for the initial scam and the promise of financial returns, then I'm confident Mr H wouldn't have taken out these loans. As stated above, I would expect MBNA to ensure that a suitable repayment plan is agreed with Mr H.

My final decision

For the reasons given, my final decision is not to uphold Mr H's complaint against Lloyds Bank plc, trading as MBNA.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 24 February 2025.

Sandra Quinn
Ombudsman