

The complaint

Mr O has complained Zopa Bank Limited is asking him to repay a personal loan he didn't take out.

What happened

In December 2023, Mr O fell for a scam on social media. This was to enable him to get a Government-backed loan which he was told he wouldn't need to repay. He was required to share his account details with an app he held. This app is all about credit reports and financial information, so Mr O believed what he was being told. He accepts he took no action to verify this loan but saw no reason to doubt what he was being told.

Mr O shared his personal app details. £8,000 was then paid into his bank account. This was what he'd expected to receive. He then made two payments of £2,000 to the third party and used the remaining funds himself.

Quite quickly Mr O realised he was being asked to repay a loan he apparently held with Zopa. Mr O tried to contact the individuals that had scammed him but was fobbed off.

He complained to Zopa that he'd never taken out a loan with them. Zopa believed that Mr O had acted without due caution and wouldn't uphold his complaint. They encouraged Mr O to make repayments to limit the damage this loan was causing to his credit record. The loan was defaulted and Zopa passed the debt to a third party collection agency.

Mr O brought his complaint to the ombudsman service.

Our investigator was able to view some of Mr O's correspondence with the scammer and Zopa's application evidence as well as the checks they carried out.

He believed Mr O hadn't made the application but considered Mr O should have been aware that a loan had been applied for and the large funds in his account were the result of this. He asked Zopa to remove interest and charges from the loan as well as remove any reference to this loan from Mr O's credit record.

Mr O accepted this outcome but Zopa didn't.

Mr O's complaint has been referred to an ombudsman for decision.

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.

Firstly I can see the credit agreement was taken out December 2023. How this happened isn't really in dispute and I see no need to review this in detail.

However, I can confirm I have read the evidence carefully and am satisfied Mr O didn't take out the credit agreement himself. However, he would have been aware that a loan was being taken out as his genuine email address was being used by Zopa. It's clear he didn't read these details.

Zopa appear to accept Mr O didn't take out the credit agreement but argue his sharing of personal details on the app meant he contributed to the loan being taken out. I don't dispute this, but I believe Zopa's approach ignores what was happening at the time and that Mr O was being scammed.

It's key to note that as I believe Mr O didn't take out the agreement, then he has no contractual agreement with Zopa.

I note that Zopa would have been aware this loan was applied for using the app. And based on this app's increased use within third party scams, they could have taken further action to check what may be going on or reach out to Mr O to check what he knew.

I believe Mr O could have been more alert to the fact this was a loan, although I appreciate he wouldn't necessarily have recognised Zopa's brand or realised this was a commercial loan. I appreciate he was also led to believe that this was indeed a loan, but that he wouldn't be required to repay what was due. That said, I have to wonder why Mr O believed he'd be getting a payment of £4,000 without ever having to repay it.

And this aspect is why I can't ask Zopa to write off the loan in full as it's clear Mr O benefitted from the funds paid into his bank account.

Putting things right

Taking all the evidence into account, I am instructing Zopa to write off the interest and charges of the loan taken out as I believe this is fair. They will need to enter into an agreement with Mr O to ensure that he can meet repayments towards the capital amount. I am aware that Mr O is desperate to get a mortgage so his finances may well be stretched. Zopa will need to be mindful of this.

All information must be removed from his credit record. As Mr O didn't take out this credit agreement, I don't believe there's any basis for Zopa placing any data about this loan on his credit record at all.

My final decision

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

- Write off the interest and charges payable on the loan of £8,000 taken out in Mr O's name in December 2023;
- Enter into an agreement with Mr O for the repayment of the capital; and
- Remove all data about this credit agreement from Mr O's credit record.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 28 May 2025.

Sandra Quinn
Ombudsman