

The complaint

Mr A complains that Lloyds Bank PLC (“Lloyds”) is holding him liable for the debt on a loan he says he neither applied for nor consented to.

What happened

The background to this complaint is well known to both parties, so I won’t repeat everything here. In brief summary, in May 2023 a loan was taken out with Lloyds in Mr A’s name for £12,500. Mr A subsequently got in touch with Lloyds to let it know he hadn’t applied for or consented to the loan, and that, instead, scammers had tricked him at the time. Lloyds investigated things and ultimately couldn’t reach agreement with Mr A, so he referred his complaint about Lloyds to us. As an Investigator here couldn’t resolve the matter informally, the case has been passed to me for a 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.

I’ve focused on what I think is the heart of the matter. If there’s something I’ve not mentioned, it isn’t because I’ve ignored it. I haven’t. I’m satisfied I don’t need to comment on every individual point or argument to be able to reach what I think is the right outcome. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

First let me clarify exactly what this decision is about. I understand Mr A has said that in May 2023 he was tricked by scammers resulting in numerous loans being taken out in his name without his knowledge or consent. At the time of issuing this decision on Lloyds’ involvement, I’m concurrently issuing decisions on Mr A’s linked complaints about four other loans.

This decision concerns only the £12,500 loan with Lloyds and whether it’s fair for Lloyds to hold Mr A responsible for this loan bearing in mind how it was taken out and granted.

Mr A has said this loan was taken out as a result of a scam. However, if this is true (in which case Mr A has my sympathy), this wouldn’t automatically mean it wouldn’t be fair for Lloyds to hold him liable for the debt.

The first question is: did Mr A enter into this loan agreement, or was it done without his knowledge and/or consent as he alleges? And in this case, I think it’s most likely that the loan was taken out in Mr A’s name with his knowledge and consent, and he therefore did enter into this loan agreement. I say this because it seems from all the evidence I’ve seen that if Mr A was scammed he was tricked by the scammers into providing them with everything they needed to apply for this loan (and others). As our Investigator explained, we’ve seen information that suggests this loan was applied for by Mr A or someone he allowed to do so on his behalf. And overall, taking everything into account including information about what happened with regards to the other loans taken out in Mr A’s name, I don’t find it plausible or persuasive that Mr A wouldn’t have been aware of the loan

application or that it had been successful. I haven't seen anything about the way this loan was taken out and granted that leads me to believe Lloyds ought reasonably to have realised what might really have been going on. So I think there was a legal agreement between Lloyds and Mr A for the loan. And that I can't fairly say it's Lloyds' fault that Mr A might have lost this money to fraudsters.

Mr A has questioned how he was accepted for the loan in the first place. For clarity, our usual approach, if we were to uphold a complaint about unaffordable lending, is that interest and charges should be removed but the consumer should still pay back the principal amount of the loan they had the use of. But in this case I just don't think it would be fair to hold Lloyds responsible for what Mr A has said happened. Our Investigator explained the affordability checks Lloyds conducted. The information I've seen doesn't suggest Lloyds would have known about any of the other loans Mr A had already been granted that week (if any) as credit files aren't updated immediately (and any searches showing aren't the same thing as a loan being granted). The prior operation of Mr A's Lloyds account wouldn't reasonably have raised any red flags. And it seems from all the information Mr A allowed the scammers access too, and the extent to which he appears to have been under their spell (again, assuming he was scammed), that the material cause of Mr A's loss here isn't the actions of Lloyds. I'm afraid, in these circumstances, I'm just not persuaded it would be fair for me to tell Lloyds that it can't hold Mr A responsible for this loan. However, naturally, I would expect Lloyds to be sympathetic to any financial constraints and to reach a reasonable repayment plan with Mr A moving forwards.

My final decision

For the reasons I've explained, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 26 June 2025.

Neil Bridge
Ombudsman