

The complaint

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

What happened

In 2023, Mr H believe he was taken advantage of by someone pretending to be his friends. Two loans were taken out for £6,000 and £10,000. He initially received money to help repay these but the money stopped. He's been left with substantial debts and says he didn't take out the loans.

Lloyds believed they had sufficient evidence to show that Mr H had applied for the loan and had made repayments for at least a year (although not always on time). They sympathised with Mr H but would expect him to make the loan repayments.

Unhappy with Lloyds's stance, Mr H brought his complaint to the ombudsman service.

Our investigator believed that Mr H had known all along about this loan. There was a record of numerous discussions between himself and Lloyds about repayments and at no stage, had Mr H said the loan was taken out fraudulently.

Mr H was upset as he understood he was to be held liable for considerable funds which he no longer had. Mr H has 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.

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. However, that's not the whole story. Our service also considers whether the party supposedly taking out the loan knew about and benefited from the funds.

Overall, I am satisfied Mr H did know about the credit agreement being taken out even if he didn't apply for the credit agreement himself, not only that but he benefitted from the credit of the loans into his account. I say this based on the following:

- Evidence from Lloyds suggests that his mobile phone and other personal details match those on the application. I've seen a considerable number of letters sent to Mr H's home address which he accepts he received.

- The loan proceeds of £6,000 were paid into Mr H's personal bank account – which he was then able to use. This confirms Mr H benefited from the proceeds of the loan. I can see that £5,000 was taken out in branch around the same time as the loan was credited to Mr H's account. Mr H kept £1,000 of the loan so it's hard to argue that he didn't benefit from what happened.
- What I think is most likely is that Mr H agreed to allow loan applications to be made in his name. He was persuaded to believe the repayments would be met by the individuals who he'd given the money to. He didn't think about this all going wrong and was disappointed when they scarpereed and refused to make any further payments to him.
- The conversations with the friends Mr H has shared with us suggest he did know what was going on and that loan applications were being made in his name.
- I do have some sympathy with Mr H that Lloyds should have been more wary about an application for £6,000 being made by a 20-year-old who then claimed the loan was for home improvements. However, I've seen a record of a conversation between Lloyds and Mr H where they specifically asked him if he'd been persuaded to take out this money on another's behalf. He denied this.
- It seems to me Mr H only believed this loan was fraudulent when he realised he wouldn't be receiving any further payments to help with repayments.

I've taken note of Mr H's age his testimony about his character and the impact this must have had on him but I'm not going to ask Lloyds to cancel the loan.

However, Lloyds must be aware of the level of debt that Mr H now has. I expect Lloyds to ensure that a suitable repayment plan is agreed with Mr H based on his personal circumstances.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 16 June 2025.

Sandra Quinn
Ombudsman