

The complaint

Miss B complains that Monzo Bank Ltd is unfairly holding her liable for a £6,450.00 loan she says she didn't apply for.

What happened

On 21 January 2023, Monzo received an application for a loan using Miss B's personal details. The loan was approved, and £6,450 was paid into Miss B's own Monzo account, where it was transferred out to a third party on the same day. In June 2024, Miss B contacted Monzo to explain that the loan was taken out by her ex-partner without her permission, and she could not afford the repayments. She explained she didn't report the fraudulent application earlier because her ex-partner was making the re-payments, which he'd since stopped after they'd split up.

Monzo looked into Miss B's fraud claim, but said that because of the time that had passed since the loan was approved, it could not treat it as fraud or offer any refund.

Miss B remained unhappy and referred her complaint to this service where it was considered by one of our investigators. She felt that Miss B had consented to the loan being taken out by her ex-partner. But, following involvement from our service, Monzo has agreed to freeze any future interest being applied to the loan. Our investigator felt this was fair in the circumstances.

Miss B disagreed and asked for an ombudsman to consider her complaint. Among other things, she says our investigator has misinterpreted the relevant regulations, the loan agreement was 'signed' by ticking a box, which does not constitute a genuine signature or informed consent in the circumstances she was in at the time, and she's only asking for the remaining loan balance to be written off. She says Monzo can keep the £2,913.35 repayments made by her ex-partner towards the loan.

As no agreement could be reached, it'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.

Having done so, I agree with the conclusions reached by our investigator. I've explained why below.

Generally, a customer can't be held to the terms of a loan agreement they didn't enter into or was entered into by someone else without their consent. In this case, Miss B says she didn't take out the loan with Monzo, her ex-partner did. She's described a very difficult set of circumstances she found herself in during her relationship with her ex-partner, and she says he was very manipulative. She says he was able to apply for the loan by gaining access to her device and Monzo app as a result of coercive control. And once the £6,450 credited her account, he moved it to his own straight away.

I accept that the loan was applied for using Miss B's existing Monzo app and the proceeds of the loan were paid into her own bank account, which were then moved on. Miss B has raised concerns with how the application was signed, as it was done electronically. However, electronic signatures are widely accepted in financial services. And in any case, my role isn't to determine if an electronic signature is legally valid, but whether Miss B agreed to the terms of the loan.

Miss B has provided us a lot of information and I've read everything she's said. This includes WhatsApp messages between her and her ex-partner at the time the loan was taken out. She's told us that her ex-partner had previously asked her to take out a loan in her name to help his negative financial position, and the messages discuss this further as follows:

Ex-partner: *'Do you think you can do the loan today?'*

Miss B: *'Definitely not, I didn't even say I'd do it'*

Ex-partner: *'I thought last night you said as long as I make payments, whatever the amount is.'*

A later message says:

Miss B: *'I'm slowly getting less angry about it, and I'm definitely not doing it by myself without speaking to someone'.*

After the loan had been taken out, Miss B messaged him worried about it and ask him to do something to get rid of it. In response he said, *'Why is this a problem now?'*

Miss B has told us a lot about her personal circumstances, including what she went through during her former relationship. I thank her for doing so. Miss B believes that the above messages have been misinterpreted by our investigator. However, whilst I'll never know the actual intent behind Miss B's messages, on balance, I think they show that she most likely agreed for her ex-partner to apply for the loan using her personal information, and that the loan terms were entered into by him with her consent.

This is also supported by Miss B's confirmation that he made the monthly repayments himself for some time and only stopped once their relationship had ended. Which is when Miss B contacted Monzo to report the loan application as fraudulent.

As such, I find that Monzo is entitled to hold Miss B responsible for the terms of the loan, and the outstanding balance.

Financial difficulties

Miss B has told us that as a result of this loan, and since her ex-partner stopped making the monthly re-payments, she's struggling to make ends meet as a single mother providing for her daughter.

I was sorry to hear that the monthly loan repayments are having a negative impact on Miss B's financial position. I'd like to remind Monzo of its obligations to treat financial difficulties positively and sympathetically. And if Miss B is struggling financially as a result of the loan payments, she should contact Monzo to discuss her options.

I also understand that Miss B wants to raise a separate complaint with Monzo about her affordability of the loan when the application was made, and the checks it did to ensure she could meet the re-payments. As this point hasn't been considered by Monzo yet, I won't be commenting on it as part of this decision.

But because I find that it's most likely that Miss B was aware of the loan application, and consented to it, Monzo is entitled to hold her to the terms of that agreement. However, I understand Monzo has agreed to suspend all future interest being applied to this loan. I find that fair and reasonable in the circumstances.

Putting things right

If Monzo hasn't already done so, it should suspend all future interest and charges on the loan as per its proposal to do so via email to our service dated 5 March 2025.

My final decision

My final decision is that I uphold this complaint in part.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 25 June 2025.

Lorna Wall
Ombudsman