

The complaint

Mr C has complained about MBNA Limited holding him liable for a loan which was taken out as part of a scam.

What happened

Mr C fell victim to an investment scam after seeing an advert. A scammer posed as a financial advisor and persuaded Mr C to send them money. Mr C was unable to withdraw the alleged profits, and was told he had to pay more money to release the funds.

As part of this, the scammer persuaded Mr C to take out a £20,000 loan with MBNA, saying he'd be able to clear it in a month using his profits. The loan funds were then paid to an account in Mr C's name and sent on to the scammer.

Mr C would like the loan cleared in view of him being scammed.

MBNA waived the loan's interest and fees in view of Mr C's situation as a goodwill gesture. But they said he was otherwise liable for the principal amount of the loan he'd taken out.

Our Investigator looked into things independently and found that MBNA had handled things fairly. Mr C didn't agree, so the complaint'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.

First, I understand that Mr C fell victim to a cruel scam here, for which he has my sympathy. I know this cannot have been an easy matter for him to face, and I'm grateful to Mr C for being open and candid with us about how the scammer affected him. It's worth keeping in mind that it's the scammer who is primarily responsible for their scam. But in this case between Mr C and MBNA, I'm just considering what Mr C and MBNA are liable for.

Broadly speaking, Mr C can be held liable for this loan if he consented to it.

Mr C has confirmed to MBNA and our service that he applied for this loan himself, even if it was on a scammer's instructions, thinking he could repay it quickly. So he's confirmed that he consented to the loan. This is also supported by how the loan was applied for using Mr C's genuine details, the relevant contact went to Mr C, and his handwritten notes and testimony show he received the contact and was aware this was a loan in his name which would need to be repaid.

I can't see that MBNA had sufficient reason to think it wasn't Mr C applying for this loan. His correct details were provided, the contact went to him directly, the funds were paid to a bank account in his name, repayments were set up, the application passed its checks, and no cause for concern was found. Indeed, there's no dispute that it was Mr C who applied.

I don't wish to diminish in any way that Mr C has been the victim of a cruel scam. I do appreciate that the scammer may have built a trusting relationship with him and abused that trust. And I appreciate that Mr C did not ultimately end up benefitting from the loan funds as they ended up with the scammer. But that wasn't MBNA's fault – that all happened after MBNA's involvement and they had no control over Mr C's bank account. Mr C may be able to bring a separate case to our service about his bank if he feels his bank didn't do enough to protect his account or recover the payments involved. But as far as I can see, MBNA lent to Mr C in good faith, they paid the loan funds to the account in Mr C's name which Mr C had asked them to pay, they didn't have good reason to think something was wrong, and Mr C ultimately had consented to the loan.

As such, I cannot fairly or reasonably tell MBNA to clear the principal of the loan. I find it's fair for Mr C to be held to the loan that he chose to take out. MBNA have waived the loan's interest and charges in view of Mr C's situation as a gesture of goodwill, and I can't fairly require them to do any more than that here.

Mr C said he'd seen a similar case where a scam victim had their loan written off, and I do understand why he thought to raise this. But different scams work in different ways, different consumers act in different ways and have different circumstances, different loans have different terms, and so on. We look at each case on its own merits. I've explained above why I've found that Mr C is liable for the outstanding balance of this loan.

I understand the loan has now been sold on. Mr C may wish to get back in touch with the loan's new owner to see what options they can offer in repaying the money he owes. If he's in financial difficulties, then I'd expect the loan's owner to treat him positively and sympathetically and arrange repayments based on what he can afford.

So while I'm very sorry to hear about what the scammer did to Mr C, I've not found that MBNA need to do anything more here. This is a difficult message for me to give, and I know it's a difficult message for Mr C to receive. But given the evidence and circumstances at hand, I'm unable to reasonably reach any other conclusion.

My final decision

For the reasons I've explained, I don't uphold Mr C's complaint about MBNA Limited.

This final decision marks the end of our service's consideration of the case.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 6 August 2025.

Adam Charles
Ombudsman