

The complaint

Mr S that MBNA Limited is holding him liable for the debt on a loan which he says he neither applied for nor knew about.

What happened

Mr S says that on 12 February 2025, fraudsters used his details to apply for loans and credit cards with multiple lenders, directing all funds into his Bank M account, which was also compromised.

He realised his identity had been stolen when he received an email from MBNA confirming that a £5,000 loan had been approved, and the funds were due to be credited to Bank M. He says he contacted MBNA to report that the loan was fraudulent and that the Bank M account was no longer in his control. But the loan funds were paid into his account and subsequently lost to fraudsters.

Mr S complained to MBNA stating that it was holding him liable for the loan and a credit card which had been applied for fraudulently, but MBNA didn't uphold the complaint. It said its records showed the loan was applied for on Mr S's own device using biometric sign-in and it was granted because he met its lending criteria. It further explained that during the application process, Mr S confirmed the bank account was in his name, and registered at his address, and then chose to send the money to a third-party account. It confirmed the loan repayments were £124.90 for 48 months and if they weren't made on time each month it would report them as a late payment marker on his credit file.

Mr S wasn't satisfied and so he complained to this service explaining that Bank M and two loan providers had accepted that the accounts had been applied for fraudulently without his knowledge or consent. But MBNA maintained Mr S applied for both the personal loan and the credit card on 12 February 2025 and 13 February 2025 and so he would remain liable for the loan. In addition, it said Bank M had partially refunded Mr S, so if the loan was written off, he would have benefitted from the fraud.

Our investigator didn't think the complaint should be upheld, noting credit card account had been closed by MBNA with a nil balance. She further commented that the loan application was submitted online on 12 February 2025 at 8.08pm, from an IP address that was consistent with Mr S's location and as the loan application contained Mr S's correct personal details, she didn't think there would've been anything to alert MBNA that the application wasn't genuine.

She further noted that the device used to access the MBNA account on 12 February 2025 had also been used for genuine account activity in October 2024. And that on 12 February 2025, the account was accessed using biometrics. She said there was no plausible explanation for how an unknown third party would've been able to obtain Mr S's genuine device and then access it using biometrics to then log into his MBNA account. So, she was satisfied Mr S had likely applied for the loan himself.

Mr S has asked for his complaint to be reviewed by an Ombudsman. He feels our investigator has relied too heavily on the biometric evidence and that there is no evidence to validate that the phone and accounts were accessed biometrically. He has further explained that he hasn't provided a plausible explanation for how the fraud occurred using his device because he isn't a cybersecurity expert, but he knows that biometric spoofing is well documented, and Face ID is not immune to exploitation.

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 conclusion as our investigator. And for largely the same reasons. I know Mr S feels strongly about this complaint, and this will come as a disappointment to him, so I'll explain why.

MBNA has explained that Mr S met its lending criteria and it has produced evidence which shows the loan application was applied for using his correct details and that the loan funds were sent to an account in his own name, so I'm satisfied there would have been nothing to alert it that the application was fraudulent.

MBNA has also shown that the loan was applied for online using the same device that was used to log into the account in October 2024. So, I'm satisfied the loan was applied for using Mr S's mobile phone. Mr S hasn't reported his phone lost or stolen and he has confirmed that the device could only be opened biometrically and that no one else had access to it. So, there is no explanation for how the loan could have been applied for by anybody else.

I note Mr S's comments about not being able to provide a plausible explanation for how an unknown third party could have applied for the loan using his mobile phone, but in the absence of any evidence to contradict that he applied for the loan himself, I'm more persuaded by the technical evidence that MBNA has used to reject the complaint. So, I can't say that its decision to hold him liable for this loan is unfair.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 28 January 2026.

Carolyn Bonnell
Ombudsman