

The complaint

Mr M complains Lendable Ltd are unfairly holding him responsible for an £8,700 loan he says he didn't apply for.

What happened

Mr M fell victim to an investment scam following an advertisement he'd seen on social media. Mr M was contacted by the scammer and downloaded a remote desktop application at his instruction. As part of the scam, Mr M says the scammer took out the £8,700 loan in his name.

The proceeds of the loan were paid into Mr M's account and then transferred, via another account in Mr M's name, to the scammers. Mr M says he didn't know the loans were being applied for and didn't consent for the scammer to take the loan out on his behalf.

Mr M complained to Lendable that he was being held responsible for the loan. Lendable said it thought Mr M was responsible for the loan, but it would be willing to waive interest and charges if Mr M provided further evidence of the scam.

Mr M wanted the loan written off completely, because he said he couldn't afford to repay it. So he referred his complaint to our service.

An Investigator considered the circumstances. She said, in summary, she thought Mr M did know the loan was being applied for because this is what he'd initially told Lendable when he first contacted them and because all the details provided to Lendable appeared to be Mr M's genuine information. She thought what Lendable had already offered to do was fair to resolve things.

Mr M didn't accept the Investigator's findings. He said he wanted the complaint to be reviewed by an Ombudsman. So the complaint was passed to me.

I issued a provisional decision. I've set out my findings again below and they form part of this decision.

Provisional findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

It's clear Mr M's been the victim of a scam and it's had a significant impact on him. I'm sorry to hear of all he's been through. But that doesn't automatically mean Mr M can't be held responsible for the loan he says was taken out by the scammer. What I'm required to consider in the context of this decision is whether Lendable has treated Mr M fairly by concluding that he should be responsible for the loan.

Generally, a customer cannot be held to the terms of a loan agreement he didn't enter into himself or was entered into by someone else without his knowledge or consent.

Mr M says he didn't know about the loan application and it was made by the scammer using the remote desktop application. But he told Lendable when he first reported the scam on 8 March 2024, in a phone call I've listened to, that he could see the scammer entering information on forms – so I asked him about this. In response, he maintained that he did not know about the loan application but also said he didn't know about anything that had happened until he noticed payments going in and out of his account.

I don't think it can be correct that Mr M didn't know anything about what was happening until he saw payments going in and out of his account. I say this because he told Lendable in the same conversation I've referred to above about the scam. And how he had challenged the scammer about the loans that were being taken out in his name. It sounds like he said this in the context of wondering aloud to the scammer how they would be repaid, rather than expressing surprise or concern because he hadn't known about the loans at all. He also told us in the call he made referring his complaint to our service, that he found out about the loan when it came into his account, which was more than a week before he reported the scam to Lendable and his bank.

The loan proceeds were paid into Mr M's account with another bank, I'll call S. S had several calls with Mr M about one of the payments he made to the scammer. I've listened to these calls. In them he told S he had taken the loan out on more than one occasion. He said he had taken it out for home improvements and was trying to pay the builder he was using from his account with S, but via another account in his own name. It's likely Mr M was told to say he had taken the loan out himself by the scammer, but either way it's clear he did know about the loan and transactions being made at this point. So it's clear Mr M did not become concerned immediately upon discovering money going in and out of his account as he says he did, because some of these conversations took place on 27 and 28 February 2024. Which are the days the loan was credited to the account and the transactions to the scammer took place.

Having considered all the available information, I think it's more likely than not that Mr M knew about the loan application and it was made with his consent. Though I'm prepared to accept the scammer may well have completed the application on Mr M's behalf.

I've also seen Mr M's statements for his account with S from around the time of the scam. These show the Lendable loan crediting Mr M's account on 27 February 2024. After this the following payments were made to other accounts in Mr M's name, from there he says the amounts were transferred on to the scammers:

| Date | Amount | Payment Type |
|------------------|---------------|---------------------|
| 27 February 2024 | £2,250 | Transfer |
| 27 February 2024 | £20 | Card Payment |
| 27 February 2024 | £20 | Card Payment |
| 27 February 2024 | £20 | Card Payment |
| 28 February 2024 | £2,000 | Card Payment |
| 28 February 2024 | £2,000 | Card Payment |

So, of the £8,700 loan, a total of £6,310 was transferred out as part of the scam. This left £2,390 of the loan proceeds in Mr M's account. Mr M has told us the scammer transferred the onward payments, but in the calls with S said he was making those payments himself. While Mr M may well have been told by the scammer to answer any questions in this way, I'm satisfied from this that he was aware the money was being moved.

Mr M's statements with S also show that payments Mr M says were to the scammer were refunded to Mr M. A total amount of £6,330 was refunded to Mr M's account. An extra £20 was refunded with the £2,250, it's not clear why, but I don't think this makes a difference to Mr M's complaint about Lendable. According to Lendable's records, Mr M has never made a payment towards the loan.

As I've mentioned, Mr M maintains he did not take out the loan and knew nothing of it until after the scammer had taken it out. In that situation, it's unclear to me why, having received a refund of the money sent to the scammers and having the remainder of the loan still in his account, Mr M wouldn't arrange to return the loan proceeds to Lendable and arrange for the closure of the account. Or, prior to that, Mr M could have offered to send back the remaining amount of the loan that hadn't been sent to the scammers, but didn't do so.

Instead, what appears to have happened – based on the statements I've seen – is that Mr M has used the loan proceeds on day-to-day spending.

Overall, I'm satisfied that the loan application was made with Mr M's consent and therefore he can be bound by the terms of the credit agreement. And, having received a refund of the loan proceeds that were initially sent to scammers, Mr M has spent the money. So he's had the benefit of the loan.

Lendable has offered to remove interest and charges that would ordinarily be applied to the loan, if Mr M could provide the information it requested about the scam. Lendable has recently confirmed that offer remains open to Mr M. So I leave it for Mr M to get back in touch with Lendable to provide the information it's requested.

Lendable also offered to consider a complete write-off of the loan, if Mr M provided some information about his health and financial circumstances. If Mr M wants to explore this possibility, again he should contact Lendable directly.

Mr M was unhappy with the lack of communication from Lendable. Having reviewed the correspondence between him and Lendable though, I can see it asked him to provide some further information in March 2024, when he reported the fraud, which it doesn't look like he sent. This information was requested from Mr M again several times between March and September 2024. Having not received the information it had asked for, Lendable eventually contacted him with the outcome of its investigation on 3 September 2024. So I don't think the delay in Lendable concluding its investigation was because of something it did wrong.

Lendable has registered a default in respect of the loan account because no payments were made. I can see that Lendable agreed three payment deferrals with Mr M while it was investigating his fraud claim. I can also see Lendable wrote to Mr M about the missed payments and issued a default notice setting out the consequences of him not arranging to pay the arrears on the account. So I'm satisfied it followed the correct process before defaulting the account.

I'm also aware that Mr M has concerns about the affordability of the loan and that this is being considered under a separate complaint. In any event, Lendable should keep in mind it's obligations to treat Mr M positively and sympathetically when making any repayment arrangements with him.

Responses to my provisional decision

Mr M did not respond by the deadline we set.

Lendable responded to say it accepted my findings.

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.

As Mr M did not respond and Lendable accepted my findings, neither party has provided anything further for me to consider. So, I see no reason to depart from my provisional findings.

My decision remains that Lendable has treated Mr M fairly by holding him liable for the loan.

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 M to accept or reject my decision before 2 September 2025.

Eleanor Rippengale
Ombudsman