

The complaint

Mr M complains that Lloyds Bank PLC (Lloyds) are holding him liable for three loans he did not apply for. He also says that he did not authorise three large payments that left his account.

What happened

Mr M says on receiving a text message from Lloyds on 10 October 2024 he was alerted to three loans taken out in his name that he had not agreed to.

The loans were approved with Lloyds over three consecutive days and totalled £74,500. The funds were deposited into an existing account with Lloyds in Mr M's name as follows:

8 October 2024	£25,000
9 October 2024	£25,000
10 October 2024	£24,500

Mr M says he didn't apply for the loans and would never have borrowed so much money. He says they were fraudulently taken out in his name, and he had not signed for or received any paperwork for the loans. He says as a pensioner he's not able to repay the loans and that Lloyds acted irresponsibly in agreeing to the loan applications.

He also says he did not authorise the three payments that left his account with Lloyds once the loan funds had been deposited. These totalled £73,100. The transfers out of his account were also conducted over the same three consecutive days as follows:

8 October 2024	£24,000
9 October 2024	£24,800
10 October 2024	£24,300

On investigating the matter, Lloyds held Mr M liable for the loans. It said it could see no error made on its part and that as the loan funds were paid into Mr M's bank account, he was likely aware of the loans. It said applications for the loans were received via Mr M's banking App present on Mr M's device, and that it had intervened on six different occasions when Mr M made requests to transfer money away from his account to another account in his name held with another provider. It says Mr M called Lloyds on each occasion to unblock the payments that had been stopped and subsequently authorised the transfers. So, Lloyds held Mr M liable for the loans and their repayments. Lloyds says it believed that Mr M had been scammed and did not deem the payments were fraudulent.

Unhappy with Lloyds response, Mr M referred the matter to our service.

Our investigator considered Mr M's complaint and partially upheld it. He was of the opinion that Mr M was likely aware of all of the loans going into his account as they were made using his registered device, so he did not recommend that they be written off. But he felt that further affordability checks should have reasonably been conducted prior to the final loan

being agreed by Lloyds. So, he said it was fair, given these circumstances, that Lloyds refund any interest payable on the third loan. Based on what he had seen, he was also not persuaded that Mr M had not processed the payments out of his account and called Lloyds to approve them all. Lloyds agreed to the investigators view.

As Mr M remained unhappy with the outcome, he asked that an ombudsman consider 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.

It's important to highlight that with cases like this I can't know for certain what has happened. So, I need to weigh up the evidence available and make my decision on the balance of probabilities – in other words what I think is more likely than not to have happened in the circumstances.

Having done so, and for broadly the same reasons, I agree with our Investigator in that it's fair and reasonable for Lloyds to hold Mr M liable for the loans and the transactions made from his account that he is disputing as unauthorised.

I understand that this will be disappointing for Mr M. I fully appreciate the impact has been significant on him, and I'd like to assure him I haven't taken this decision lightly. But it seems Mr M fell victim to a cruel scam, and that scammers were primarily responsible for what happened. And I can only consider what Mr M and Lloyds did in this dispute between them.

I have carefully considered everything presented by both parties, including the actions of Lloyds towards Mr M to get an understanding of what happened and although I have summarised this complaint in far less detail than the parties have. I want to stress that no discourtesy is intended by this. If there is a submission I have not addressed, it is not because I have ignored the point. It is because I have focused on what I believe to be important to the outcome of this complaint.

Firstly, existing consumer credit legislation states that a customer can't be held liable for a loan if it was taken out by an unauthorised party. So, what I have to decide here is whether or not Mr M applied for the loans himself or authorised someone else to do so on his behalf. This is because Lloyds can only hold Mr M liable for the loans if the evidence supports that he agreed to them.

I note Mr M mainly argues that he didn't agree or consent to the application of the loans and so shouldn't be held liable for them as they were applied for fraudulently.

I have given this a lot of thought, and in doing so I have also looked closely at all the evidence presented to understand what happened. This includes reviewing the correspondence and calls Mr M had with Lloyds and our service, and I have reviewed Mr M's bank account activity both prior to the loan funds being deposited and after.

Mr M states he did not realise what had happened until Lloyds text him on 10 October 2024, which was after the loans had been granted and deposited into his account.

I note the information presented by Lloyds, shows the loans were applied for using Mr M's genuine details and using Mr M's registered mobile device. I can also see that the loan funds were paid into Mr M's existing bank account, with a direct debit agreement being set up to

also make loan repayments from Mr M's Lloyds bank account and loan approval letters were sent to Mr M's genuine home address.

Having considered the technical information that was provided, and that the loan applications were made via Mr M's banking App on his registered device, after from what Lloyds has provided in the way of login information, shows that biometric login was used to access it, I can't see how anyone other than Mr M would possibly have been able to do this. And although I acknowledge what Mr M says, I don't think Lloyds was to know at that time, that the applications for the loans hadn't come from Mr M, or that there was anything untoward about them. I am also satisfied based on what Lloyds has evidenced that it completed appropriate checks prior to agreeing to the first two loans, but based on Mr M's circumstances, I'm not persuaded that sufficient affordability checks were conducted prior to the final loan being agreed.

I've also not seen any evidence which specifically shows that Mr M himself did not apply for these loans, or which makes me think it's unlikely or implausible that he could not have done so.

When asked by Lloyds Mr M confirmed he had never shared his online log in detail with anyone and that he never provided access to his mobile phone device to another third party and it was always in his possession.

So having reviewed everything, on balance, I am satisfied based on what has been presented, it's more likely than not that Mr M applied for all three loans himself, and that he was aware of the loan funds being deposited into his account, prior to money being transferred on to another account in his name. I say this because I haven't been given any plausible explanation as to how someone other than Mr M could have accessed his banking App using his phone and the necessary biometrics to make the applications.

Which leads me on to consider the transactions Mr M has disputed as unauthorised.

Mr M says he didn't authorise the onward transfers of the three larger payments from his account, all made via his banking App after the loan funds had been deposited. But he states he'd authorised transfers of a number of smaller payments, that had been made on his account prior to the ones disputed – although I can see he changed his testimony and shared different recollections of what happened during various conversations with Lloyds and our investigator - but he has maintained that he did not recognise or make the three larger payments from his account. He states that only on being alerted by Lloyds and becoming aware of what had happened, did he raise concerns with Lloyds, the police and Action Fraud.

I can see Mr M mentions that he previously invested into a cryptocurrency investment in 2023 and when speaking to Lloyds I note he mentioned that he downloaded the AnyDesk App onto his mobile phone at the time as directed. When asked by Lloyds he said he never noticed any suspicious activity presented on his phone on downloading the App. And I can see Lloyds subsequently requested Mr M have his mobile phone device checked to make sure it was clean of any malware to which Mr M confirmed it had been checked and was clean. But it seems likely given the information he provided to Lloyds about this investment that he was unfortunately targeted by scammers.

So, it seems unlikely that the presence of this App on Mr M's phone has any bearing on what happened here. But from listening to the calls Mr M had with Lloyds, it seems that after the money was transferred away from Lloyds to another account in his name, it may have subsequently been invested into this same cryptocurrency investment.

On speaking to Mr M, Lloyds referred him to a number of calls they received from his registered phone number and from who they believed to be Mr M, where the instructions of transfers of funds from his account were discussed and then authorised. But Mr M says he can't remember making the phone calls to Lloyds to authorise the release of these payments.

Lloyds has provided call evidence to show the extent of the intervention that took place prior to the three larger payments being agreed and I have listened to all the calls for both the smaller and larger money transfers - alongside calls made by Mr M to this service and to Lloyds to report his concerns - and having done so I am persuaded that they were made by the same person.

During the calls I can see Lloyds particularly highlighted that malware had been detected on Mr M's device and he was asked whether he had been told to download any Apps onto his phone, to which he responded no he had not. Lloyds also went on to explain that using finance to fund investment opportunities was a tactic used by criminals to scam individuals.

Specifically, I see they spoke to him and asked further questions as to his reasons for transferring the funds away to another account, which seems to contradict what Mr M has told us and suggests to me that he was aware that the loan money had been deposited into his account. On review, I think what was discussed should have raised some red flags for Mr M and I'm conscious that although he would have been likely aware that the loan funds had been paid into his bank account by this point – as it was a considerable sum of money - no concerns were raised with Lloyds despite it making several attempts to intervene on his requests to transfer on the proceeds. I think it's likely that Mr M was scammed here, and I can see that Lloyds acted fairly towards him whilst investigating the matter, even though he doesn't appear to have given them the full version of events

Overall given what I've seen, I am satisfied that Mr M, most likely made the loan applications himself or enabled someone to do so on his behalf, and after listening to the calls Lloyds has presented, I am persuaded that he was also fully aware that he was transferring the loan funds away.

But on considering the application of the loans and given Mr M's circumstances and his concerns about Lloyds acting irresponsibly in approving the loans in his name, I have also reviewed the checks completed by Lloyds prior to each loan being approved to ensure they were reasonable and proportionate based on his income and ability to repay the loans back. Having done so, whilst I consider the first two loans to have been affordable to Mr M, based on his income at the time, considering the total amount borrowed was now totalling £74,500, I think reasonably, Lloyds should have completed further checks prior to agreeing to a third loan within the same number of days.

So, I find it fair that Lloyds waive the interest on the third loan. I can't however reasonably tell it to write off the principal amount of the loan as I am satisfied that the application was made on Mr M's device and he transferred the money on to another account in his name for. As the loan is now with a debt recovery agent, the interest payment should be deducted from the total balance that is owed.

I'm sorry to hear how this has impacted Mr M and I'm aware this has been a difficult time for him. But taking everything into account, as I believe it's most likely Mr M knew about the loans, and the subsequent transfer of the loan funds, I don't think it would be fair and reasonable for me to prevent Lloyds from pursuing Mr M for the loans taken out in his name, or to tell them to fully write off loans which they lent out in good faith.

Lloyds however must be mindful of the position Mr M finds himself in, and I would expect Lloyds to give reasonable consideration to his circumstances prior to deciding on an appropriate repayment plan for the loans which is agreeable and reasonable to both parties.

Putting things right

For the reasons explained, I uphold this complaint in part.

I direct Lloyds to remove all interest payable on the third and final loan agreed and work with Mr M to arrange repayments based on what he can afford.

My final decision

For the reasons given, my final decision is to uphold Mr M's complaint against Lloyds Bank PLC.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 5 January 2026.

Sukhdeep Judge
Ombudsman