

The complaint

Mr A is unhappy that Zopa Bank Limited are holding him liable for a loan which he says he did not agree to.

What happened

Mr A says a fraudulent loan for £20,00 was taken out in his name which he had no knowledge of at the time. He's said the application used an email address that doesn't belong to him so he's concerned this wasn't verified. He's also unhappy that he never received any verification calls, texts or notifications from Zopa.

Mr A believes his details may have been compromised when he allowed a third party to temporarily have access to his phone. He says he was the victim of identity theft so he has the right to understand from Zopa what safeguarding measures they had in place.

Zopa didn't uphold the complaint. They said all the details provided to verify the loan application were correct including Mr A's name, date of birth, address and bank account information. They also said some of the loan funds were utilised by Mr A.

Our investigator didn't uphold the complaint either. He said Mr A's genuine details were used in the loan application and the funds were paid into an account genuinely held by Mr A. He explained Mr A's testimony including how his details were compromised wasn't plausible for a number of reasons.

As Mr A didn't agree, the complaint has 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.

The loan application

Mr A initially requested our service to wait until he has received a response to his data subject access request (DSAR) from Zopa before issuing a final decision as he asked Zopa for further information about the loan application. However, Mr A got in touch with us again to say Zopa's response to his DSAR was incomplete and highlighted his concerns such as Zopa's refusal to provide an IP address, device and location details, the inaccuracies on the loan application and evidence as to how the loan was signed. But as our investigator explained we already have the necessary information from Mr A and Zopa to make a final decision which is why I have proceeded with this final decision.

Mr A thinks Zopa failed in its duty to properly verify the loan application. I do note Zopa apologised for its process with a lack of verification. But having looked at the information Zopa had at the time I can see his name, date of birth, address and bank account were a match so I don't think it's unreasonable that Zopa didn't have any cause for concern about

the application. And Mr A has confirmed the loan funds were paid into an account genuinely held by him.

I understand that Mr A is deeply unhappy Zopa didn't verify the email address that was used in the application. But neither Zopa or our service would be able to establish whether the email address belongs to Mr A or a third party as he alleges, or what his legitimate email address was at the time. I don't think Zopa did anything wrong in not making any further enquiries about the email address given that all the other details matched at the time of the loan application.

Mr A would like Zopa to explain its security and verification procedures but Zopa explained this was commercially sensitive information. I do not think this was an unreasonable response. As I've explained above, I don't think Zopa did anything wrong in approving the loan based on the information it held, all of which matched Mr A's genuine details.

And in any event I think it's more likely than not that it was Mr A who carried out the loan application. I'll explain why below.

Mr A's testimony

Mr A has said that his job is a driver and on 26 April 2024 he had a passenger in his car who said he was in finance and would help him to look at loan options. Because of this Mr A says he gave him his driving licence and his unlocked phone for approximately three to five minutes whilst this person was in his car. It is concerning that Mr A would provide both of these to someone he'd never met before and wasn't familiar with. In retrospect Mr A says he believes it was this person who applied for the loan with Zopa in his name and that this person benefited from the funds.

The loan funds were paid into an account held by Mr A with another bank (who I'll refer to as "B"). After the loan funds were received into Mr A's account, there were three transfers totalling £6,000 which he says were unauthorised. The transactions on the account with B has already been dealt with separately at our service so I will not be commenting on the outcome of that complaint as it's already been decided by an Ombudsman.

Mr A has said he doesn't think the case with B should influence the case with Zopa. Whilst I understand his comments, the information provided by B is relevant in the case against Zopa. But as I've stated above, I won't be commenting on the outcome of that case.

Zopa has provided evidence to demonstrate the loan application was made on 29 April 2024 at 1am, and the evidence from B shows that on 29 April 2024 at 8.39am the loan funds from Zopa credited Mr A's account with B. The three transactions made out of Mr A's account held with B didn't take place until approximately 3pm.

This therefore means that the third party Mr A allegedly gave his phone to would have needed to have been in his car at 1am to make the loan application and again at 3pm to make the transactions out of his account held with B. But based on what he's said this third party was in his car for a relatively short one off trip. Therefore it follows that I don't think Mr A's testimony about the third party making the loan application and benefiting from the funds is plausible.

Furthermore, Mr A has provided evidence of the car journey with the alleged third party which was on 26 April 2024 - three days *before* the loan application. Therefore I would have expected to see the loan application being made on this date rather than three days later. So again, I don't think Mr A's testimony is plausible.

In addition to this, the loan funds were credited to a genuine account held by Mr A. I find this unusual as it would be of little benefit to the alleged third party to credit an account belonging to Mr A given that the third party may not have access to retrieve the funds.

Despite Mr A telling Zopa he thinks someone in his car who temporarily had his phone was able to apply for the loan and make payments out of his account with B, I can also see he told our service on 1 February 2025 that “no one else was informed about the loan apart from myself” which suggested that he knew about the loan. However, he subsequently said he only realised there was a Zopa loan in his name as our service pointed it out to him. Although Mr A re-iterated he didn’t know about the loan, these are two incredibly different version of events which casts doubt over the reliability of the information Mr A has provided during the course of his complaint(s).

I have listened to a call between Mr A and Zopa dated 27 February 2025 where he confirms he has used some of the loan funds to pay off a credit card he was aware of totalling approximately £8,000. And his statements from B show a payment of just over £8,000 being paid out to a credit card in April 2024 – shortly after the loan funds were received.

As such it would seem Mr A was aware there were funds available to use so I struggle to understand how he can deny all knowledge of the loan given that he admits he spent a proportion of the funds for his own benefit.

Mr A says although he saw the money appear in his account with B, he didn’t know it was from Zopa. But the statements show this credit was “received from Zopa Bank Limited” so I cannot agree with Mr A it was unclear where the credit of £20,000 had come from. If Mr A genuinely didn’t know about the loan application, I would have expected him to contact Zopa at the time, and within the cooling off period, but this didn’t happen.

Having looked at the statements with B there was a direct debit set up to repay the loan with Zopa. The entry on the statements is titled “Direct debit to Zopa Bank Limited” so I think it was very clear Mr A’s account was making repayments to Zopa. I struggle to understand why Mr A didn’t ask any questions given that he was paying for something he alleges he didn’t agree to. Given that Mr A was using the account with B, its unusual this didn’t prompt Mr A to ask any questions to Zopa.

Based on the evidence I think it’s more likely than not that Mr A took out the loan himself. The evidence provided shows his genuine details matched at the time of the loan application, that Mr A likely had knowledge of the loan at the time and that he used some of the funds to benefit himself. Taking everything into account I think it’s reasonable Zopa have held Mr A liable.

Mr A has explained the significant impact this has had on him in particular being responsible for a loan of £20,000 with a high interest rate which he says he didn’t apply for. He says this has caused significant emotional stress and he’s spent a lot of time trying to get answers from Zopa. However I’m not persuaded Mr A wasn’t involved so I don’t think it’s unfair that Zopa have held him liable. It is now for Zopa and Mr A to discuss the account going forwards and I’d expect Zopa to treat Mr A fairly in terms of his repayment options.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr A to accept or reject my decision before 8 May 2026.

Marie Camenzuli
Ombudsman