

The complaint

Mrs M complains that Zopa Bank Limited are pursuing her for a loan she took out as a result of a scam which she says was unaffordable. Mrs M wants the loan to be cleared and interest and charges to be removed.

What happened

The circumstances of this complaint are well known to both parties, so I will not repeat them all again here in detail. But I will provide an overview of events below.

In May 2025 Mrs M was looking for a way to earn a better return on some of her savings when she came across an advertisement for investments online. The scammer then persuades Mrs M to take out loans to help fund the investment. On 05 June 2025 a £9,500 loan was taken out in Mrs M's name. Mrs M says the loan is unaffordable and would like Zopa to write off the loan and remove it from her credit file.

Mrs M raised this matter with Zopa asking it not to hold her liable for the loan. Zopa declined to do this but did offer £50 for the way it handled the complaint, so Mrs M raised a complaint to our Service.

One of our Investigators considered the complaint but decided not to uphold it. They said that it was more likely than not that Mrs M was aware of the loan and agreed to take it out. They added that Zopa didn't treat Mrs M unfairly by offering the loan to her on affordability grounds.

Mrs M disagreed and asked for an Ombudsman's review. In summary she said the loan was unaffordable as the income declared on the application wasn't accurate and that Zopa's checks were not robust enough.

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'm not asking Zopa to do anything further, and I'll explain why.

But first, I would like to say at the outset that I have summarised this complaint in far less detail than the parties involved. 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 simply because my findings focus on what I consider to be the central issues in this complaint.

Where the evidence is incomplete, inconclusive, or contradictory (as it is here), I have to make my decision on the balance of probabilities – that is, what I consider is more likely than not to have happened in the light of the available evidence and the wider surrounding circumstances.

The first issue I need to decide in this case is whether Mrs M consented to the £9,500 loan being taken out in her name, agreed to be bound by the terms and conditions and whether Zopa has treated her unfairly by holding her liable for the total amount.

I note that Mrs M's correct contact details were provided on the application. Zopa called her on the day of the application and Mrs M said the loan was for home improvements. Zopa asked her if the loan was for investing and crypto, but Mrs M said it wasn't. I appreciate Mrs M was following instructions from the scammer but that doesn't mean I can reasonably ask Zopa to write off this loan here. So, I'm satisfied that it was most likely Mrs M who agreed to be bound by the terms and conditions of the agreement and she was willing to provide inaccurate information about the true purpose of the loan to Zopa in order to obtain the lending.

Mrs M has said that a fake income was declared on the application and that Zopa failed to complete adequate checks here. So, I've reviewed the information that was available to Zopa at the time of the application. I can see that Zopa tested the declared income and Mrs M's outgoings with a credit check here - which I think was a reasonable thing for it to do. I think Zopa can reasonably use the information that is supplied on the application form as accurate and it is entitled to check that information with the available sources at its disposal to make sure the loan is affordable such as a credit reference check to understand what debt Mrs M already has as well as calculating an average of her monthly outgoings. Zopa noted no adverse payment history on her credit file with a debit to income and disposable income being within acceptable limits. As a result, I'm satisfied that from the information Mrs M supplied on the application that reasonable affordability checks were completed, and the loan was considered affordable to her at the time.

Zopa offered Mrs M £50 for the way it handled her claim and complaint. This seems reasonable to me and in line with what I'd expect in similar cases for the inconvenience Mrs M suffered as a result of those issues.

As a result of the above, I can't say Zopa has treated Mrs M unfairly by asking her to repay the loan. Zopa should treat Mrs M reasonably when discussing a suitable repayment plan for the debt.

I know this will not be the outcome Mrs M was hoping for and she will be disappointed with the decision I've reached. I understand this has been a very difficult experience for her especially given her diagnosis. But this final decision ends what our service can do for her.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 14 May 2026.

Mark Dobson
Ombudsman