

The complaint

Mr H has complained Bank of Scotland plc, trading as Halifax, is holding him liable for a loan that he didn't authorise.

What happened

In June 2025 Mr H had become involved with someone he got to know on social media who was he thought was helping him to make money.

Through a series of events, he was encouraged to apply for loans with Halifax. There was a loan for £5,000 taken out on 28 June and another for £3,000 taken out five days later. Mr H believes his mobile device was stolen and this was used to apply for the second loan which he didn't authorise. He complained to Halifax.

Halifax confirmed they wouldn't be cancelling either of the loans Mr H took out, and they also believed the evidence showed he'd authorised the payments he disputed.

Unhappy with this outcome, Mr H brought his complaint to the ombudsman service.

Our investigator reviewed the evidence provided by Halifax. She was concerned that Mr H's testimony had changed at numerous points during the period of the dispute. She felt overall it was most likely that even if Mr H hadn't made the second loan application, then he'd provided authority to whoever had made the application. She wasn't going to ask Halifax to do anything further.

Mr H believes he's lost considerable funds and has asked an ombudsman to 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.

Having done so, I've reached the same outcome as our investigator. I'll explain why.

Where there is a dispute about what happened, I have based my decision on the balance of probabilities. In other words, on what I consider is most likely to have happened in the light of the evidence.

When considering what is fair and reasonable, I'm required to take into account: relevant law and regulations; regulators' rules, guidance and standards; codes of practice; and, where appropriate, what I consider to have been good industry practice at the relevant time.

Existing consumer credit legislation requires a credit provider to show that a credit account was properly opened.

There are other regulations which are relevant to Mr H's complaint. These are the Payment Services Regulations 2017 (PSRs). These primarily require banks and financial institutions

to refund customers if they didn't make or authorise payments themselves.

There are exceptions to this and that would include if the customer had acted with gross negligence or intent to allow any security details – including the card and PIN, and mobile banking access – to be used by someone else.

Both consumer credit and payments legislation allows for a customer to provide apparent authority to someone else to apply for credit and make payments on their behalf.

Halifax has been able to provide evidence about their interactions with Mr H. This shows during a short period, there are more than 60 telephone calls between them and Mr H, and a third party impersonating Mr H.

Having reviewed their evidence, I have concluded that Halifax don't need to do anything further. I say this because:

- There is extensive evidence to show that Mr H's story has changed quite a few times during the period of the dispute. He firstly disputed the £5,000 loan application made on 28 June and then accepted that he had made this. He then disputed cash withdrawals made within branch and then changed this story. He's also told our service that his phone was stolen by the scammers, but the date of this event has changed considerably.
- Halifax applied various blocks to the use of Mr H's debit card and online banking. Mr H – on more than one occasion during the period over the end of June to the beginning of July – confirmed the activity was his and fully authorised any transactions.
- Mr H was asked specifically about a second device being registered to his account. He confirmed to Halifax that he'd borrowed a phone from a friend. He also confirmed that he'd allowed this friend to impersonate him in calls to Halifax. It's worth stating that this behaviour along with the unusual payment behaviour had led Halifax to block his account use. Mr H was asked to go into a branch to verify himself. He did this but at no stage did he say that he was involved in a scam.
- Mr H has firstly disputed transactions and loans, accepted these were actually made by him and then disputed these again. There's no doubt that a third party did make some of these transactions and may well have applied for the second loan with Mr H's device. But based on Mr H's testimony I think there is enough to show that Mr H had both acted with intent to share his devices and account details, along with giving the third party apparent authority.

I have considered that during the period of being the victim of a scam, Mr H was persuaded and cajoled to act in a specific manner. This would all lead to him being viewed as highly inconsistent. And unfortunately, it is the case that this means Mr H's story lacks credibility. So, I do sympathise with him over what has happened. However, it is beyond doubt, that Mr H was willing to be involved with someone he didn't know after thinking this would be a way to make money and didn't tell the truth to Halifax despite opportunities to do so.

What's also key here is when I specifically look at the second loan which is the subject of this complaint that I can see not all of the funds were used immediately. There was at least £500 remaining from this loan in Mr H's Halifax current account.

So, I'm satisfied that Mr B authorised the loan application and then had access to his own funds to make payments from his current and other accounts.

My final decision

For the reasons given, my final decision is not to uphold Mr H's complaint against Bank of Scotland plc, trading as Halifax.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 23 March 2026.

Sandra Quinn
Ombudsman