

The complaint

Mrs C complains that Zopa Bank Limited are pursuing her for a loan that was taken out as part of a scam. Mrs C wants Zopa to clear the loan, interest and charges.

What happened

In 2022 Mrs C came into contact with a merchant after she read an article about Bitcoin. After speaking with the merchant about trading in cryptocurrency she exchanged her personal details with them. Shortly afterwards, in July 2022, a loan was applied for with Zopa for £13,000.

Mrs C then allowed the merchant access to her online accounts to try and make a payment (of the loan funds) from her account towards her investment. When this payment was blocked, she was told by the merchant to go into a branch and make the payment and to tell the staff that the transfer was for home improvements and no third-party was involved in the transfer or had access to her accounts. Mrs C followed these instructions, and the money was then sent to another account in her name that the merchant had opened for her before being forwarded to a genuine cryptocurrency exchange.

Mrs C then saw that a further loan had been taken out with another loan provider. At this point she contacted her bank to say that she had been scammed.

Mrs C made a complaint to Zopa and asked it to write off the loan. Zopa considered the complaint. It said the loan was applied for using Mrs C's genuine details so her mobile and e-mail would've received confirmation messages about the loan. And it conducted reasonable checks on her credit file to assess her affordability. It added that in a conversation with Mrs C she told Zopa that she was made aware of the loan in her name, she saw the loan funds in her bank account and then allowed a third-party access to her accounts to make a payment. So, it agreed to write off the interest and remove the loan from Mrs C's credit file, but it confirmed that it she will need to repay the capital amount.

Mrs C remained unhappy, so she brought her complaint to this service.

Our investigator didn't think the complaint should be upheld. She said that Mrs C had been the victim of a scam but she wasn't satisfied that Mrs C didn't have knowledge of the loan. That's because Mrs C said that she saw the funds go into her bank account and asked the scammers to return them to Zopa. But the scammers told her to go into her bank and ask it to transfer the money back to Zopa. And Mrs C listened to the scammers and lied to her bank about the reason she was transferring the money (home improvements) and that no third party was involved in the transfer, nor did they have access to her device.

After visiting the branch, the loan funds were transferred to an account in Mrs C's name before being moved to a genuine cryptocurrency exchange. The investigator said that she thought it was unlikely that Mrs C thought the loan funds were being sent back to Zopa whilst allowing some of the money to be moved in such a way without trying to stop it. So, the investigator didn't think she could reasonably ask Zopa to write off the loan.

Mrs C disagreed and has asked for an Ombudsman's review. She said that when she realised the scammers had taken out another loan she contacted her bank straightaway. And her bank had confirmed that she was the victim of a scam. So, the outstanding loan with Zopa should be written off.

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.

I've read and considered the whole file. But I'll concentrate my comments on what I think is relevant. If I don't mention any specific point, it's not because I've failed to take it on board and think about it, but because I don't think I need to comment on it to reach what I think is a fair and reasonable outcome.

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.

To decide this complaint, I need to consider whether Mrs C willingly applied for this loan and its terms and conditions. And whether Zopa has treated her unfairly by holding her liable for the capital amount.

I've considered Mrs C's testimony about how the scam unfolded carefully. But having done so I don't think I can reasonably say to Zopa that she wasn't aware of the loan when it was applied for. The application was completed in her name and Zopa said it sent messages to her mobile and e-mail address.

I'm persuaded that Mrs C's actions here show that – on balance - she was more than likely aware of the loan. That's because when the loan funds were paid into her account, I don't think she acted reasonably in the circumstances. If Mrs C had no knowledge of a loan being taken out to finance her investment account, then allowing the payment to be made by a third party from her online account, going into branch to send it to another account in her name and being told to lie to the branch about the true purpose of the transfer isn't what I'd consider to be reasonable behaviour in all the circumstances.

As a result of the above, I can't say Zopa has treated Mrs C unfairly by asking her to repay the £13,000, deciding to write off interest/charges and removing the loan from her credit file. I know this will not be the outcome Mrs C 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. 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 C to accept or reject my decision before 31 August 2023.

Mark Dobson
Ombudsman