

The complaint

Mr B has complained Zopa Bank Limited is asking him to repay a fixed-sum loan he took out as the result of a fraudulent scam.

What happened

In November 2023, Mr B realised he'd been the victim of a scam after having been persuaded to take out loans to make crypto investments. Mr B's bank (who I'll call R) had blocked transactions and warned Mr B what was potentially going on.

Mr B went to the local police who advised him to raise the loans he'd taken out fraudulently directly with the three credit providers. Mr B had taken out three loans for £20,000, £14,500 and £5,000 in October and immediately moved this money from his main current account (with a bank I'll call B) to his account with R. It was only his account with R that allowed investments on crypto exchanges.

Mr B had taken out a loan for £14,500 with Zopa in October. He'd been persuaded to do this by the individuals scamming him after they'd downloaded specific software to his laptop. At the time the loan was taken out, Mr B didn't think any application would be successful as he already held a loan with Zopa which he'd taken out a year before.

He complained to Zopa that he was now in serious financial difficulty after having taken out these three loans. Zopa noted Mr B's financial situation and agreed they'd only be asking him to repay the loan capital rather than any interest due.

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

Our investigator noted the situation Mr B must have been in when pressured to taking out the loan. He was conned into thinking he wouldn't have to make the loan repayments, as the fraudster supposedly helping him with investing told him they'd be paying them. However, she noted that Mr B was aware the loan was being taken out. She could see Mr B was now in financial difficulties and had to agree a repayment plan with Zopa. As Zopa had waived interest, she felt this was the correct response.

Still unhappy, Mr B 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.

Firstly, I can see the credit agreement was taken out in October 2023. This was completed

online and Zopa has confirmed all the loan details belonged to Mr B. They also held another loan with Mr B which he'd taken out in August 2022.

Based on the evidence both Zopa and Mr B have provided, I'm satisfied that Mr B took out this loan. He claimed this was for home improvements despite this not being the case. I appreciate he was convinced at this time, he'd be getting gains from his investments and so wouldn't have to make the repayments. I think – based on Mr B's existing financial commitments of two large personal loans and a mortgage – Mr B felt it was very unlikely any loan provider would grant him a loan for such a high value.

Mr B was obliged to enter a repayment plan with Zopa very quickly as he found the financial commitments too much. For his two loans with Zopa alone, he had to make monthly repayments of £530 and £720. He also was committed to monthly mortgage repayments of £500, along with the other two loans he'd taken out in October 2023.

Mr B and his wife have gone through a series of personal and traumatic events. They're caring for their grandson and more recently Mrs B has been seriously ill, spending a prolonged period in hospital. They live on their state and employment pensions so have a fixed and limited income.

On the basis of his financial difficulties, Zopa decided to waive all interest associated with the latter loan taken out in October 2023. This is generally what we'd ask a credit provider to do when someone is in financial difficulties. I see no reason to ask Zopa to do otherwise.

I'm sure Mr B will remain unhappy with this outcome, and I can understand why. However, I'm satisfied this is fair and reasonable in the circumstances.

My final decision

For the reasons given, my final decision is not to uphold Mr B's complaint against Zopa Bank Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 12 December 2024.

Sandra Quinn
Ombudsman