

Fake Loan Apps: How to Spot Them, and What to Do if One Is Harassing You

Six signs a loan app is fake or illegal, taken from RBI's Digital Lending Directions, 2025, what to check before you borrow, and what to do if an app is threatening you or messaging your contacts.

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Free awareness guide. Not legal or financial advice. <https://www.shravyadigital.com/guides/fake-loan-apps>

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The short answer

A genuine digital loan in India comes from a **bank or a non-bank lender (NBFC) regulated by the Reserve Bank of India**, even when you apply through someone else's app. RBI's Digital Lending Directions, 2025 set rules those lenders must follow. Many fake loan apps break several of them at once, which makes them easier to spot than they look.

Warning: If a loan app is threatening you, sharing your photos, or messaging your contacts, don't pay more to make it stop. Call **1930** or report at **cybercrime.gov.in**.

What it looks like

Karan needs ₹8,000 before payday. An ad offers "instant loan, no documents, no CIBIL check". The app asks for access to his contacts, photos and messages, and he taps Allow. ₹5,600 arrives, not ₹8,000: the rest is "processing fees". Six days later he is told to repay ₹12,000 by tonight. When he can't, his relatives start getting messages calling him a thief, with his photo edited into something humiliating.

Karan is made up. Every step of his story is a pattern that RBI's rules for real lenders are designed to prevent.

Six signs of a fake or illegal loan app

1. It wants your contacts, photos or call logs

RBI's rules say lenders must make sure their apps **don't access your phone's files and media, contact list, call logs or telephony functions**. A lender may ask for one-time access to the camera, microphone or location only for identity checks (KYC), and only with your clear consent.

An app that needs your whole contact list is building the list it will harass.

2. There's no clear statement of what the loan costs

Before you take the loan, a regulated lender must give you a **Key Fact Statement (KFS)** showing the full cost of the loan, including the annual percentage rate (APR). If you can't find the real yearly cost in writing before you accept, don't accept.

3. The money doesn't come straight from the lender

Under RBI's rules, the loan must be paid **into your own bank account**, and you repay **directly to the lender's bank account**, not to a personal UPI ID or an agent's account. A loan that arrives from, or must be repaid to, some individual's account is a red flag.

4. You can't find out which bank or NBFC is lending

Every genuine loan app should tell you the name of the regulated lender behind the loan. Lenders must report the lending apps they use to RBI, and RBI publishes that information on its website. If the app won't name a regulated lender, don't borrow.

5. Big deductions and very short repayment times

Large "processing fees" taken out before you get the money, and demands to repay much more in a few days, are typical of illegal lenders.

6. There's no one to complain to

Regulated lenders must name a **grievance redressal officer**, show their contact details on the app and website, and give you a way to complain in the app.

The rule: No named RBI-regulated lender, no written cost, no loan.

Before you borrow through any app

1. **Find the lender's name** in the app and the loan agreement: it should be a bank or an NBFC.
2. **Read the Key Fact Statement:** the APR and the total amount you will repay.
3. **Deny access** to contacts, photos, files and call logs.
4. **Know your exit:** RBI's rules give you a **cooling-off period**, at least one day and longer if the lender's own policy says so, during which you can leave a digital loan by repaying the principal and the proportionate APR, **without a penalty**.
5. **Borrow only what you can repay on time**, and save a copy of every document.

If you're already being harassed

1. **Don't pay more to a threat.** Paying rarely stops the messages; it tells them you'll pay again.
2. **Report it to 1930 or cybercrime.gov.in.** Threats, messages to your contacts and edited photos are crimes. Keep screenshots, phone numbers, the app's name and every payment you made.
3. **Tell the people in your contact list** what is happening, before the app does. It takes the power out of the threat.
4. **Revoke the app's permissions and uninstall it** once you have your screenshots.
5. **Report the app** on RBI's **Sachet** portal (sachet.rbi.org.in), which accepts reports of fake digital lending.

If the lender is real but won't fix your problem

If you complained to a regulated lender and they rejected it, didn't satisfy you, or **didn't reply within 30 days**, you can complain to RBI under the **Reserve Bank - Integrated Ombudsman Scheme**, through RBI's Complaint Management System (cms.rbi.org.in).

Warning: Anyone who calls offering to "settle" your loan-app case for a fee is running a second scam.

Sources

Checked against these primary sources on 17 September 2026. Rules change: if something here looks out of date, trust the source.

- Reserve Bank of India (Digital Lending) Directions, 2025 (8 May 2025) (<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12848&Mode=0>)
- RBI Sachet portal: report unregulated financial activity and fake digital lending (<https://sachet.rbi.org.in/>)
- RBI Complaint Management System (Reserve Bank - Integrated Ombudsman Scheme) (<https://cms.rbi.org.in/>)
- National Cyber Crime Reporting Portal and helpline 1930 (<https://cybercrime.gov.in/>)