

The complaint

Mr W has complained Valour Finance Limited, trading as Savvy.co.uk, wouldn't sort out his complaint that he'd never taken out a loan with them in January 2019.

What happened

Mr W received a letter from Savvy in January 2019 confirming they'd set up a direct debit to collect regular payments for a loan he'd taken out. This quoted an account with a bank (I'll call H). Mr W didn't bank with H and quickly discovered an account had been taken out in his name. Money from different loans had been taken out and paid into this account.

Mr W got most of the companies whose loans he'd supposedly taken out to accept he'd been a victim of ID fraud. Savvy didn't accept this despite Mr W sending them evidence from H about the account. They wanted a report from the police confirming what had happened. Mr W had explained this wasn't going to happen as the police had told him it wouldn't be investigating this fraud.

Mr W brought his complaint to the ombudsman service.

Our investigator could quickly see Savvy had accepted a loan application from a Mr W at the same address as Mr W's. However practically all the other personal details differed, including employment and NI number. Based on this she told Savvy she was more than likely to uphold the complaint. Savvy said as long as Mr W was able to provide a copy of the Action Fraud report confirming the issue, they'd write off the loan.

Mr W immediately provided the report to our service and this was shared with Savvy. Savvy confirmed they'd write off the loan and remove all data from Mr W's credit record relating to this. This was done on 3 April 2020.

Our investigator asked Savvy to pay Mr W £250 in compensation for the distress this had caused him. Savvy weren't prepared to do this. They argued Mr W had ignored their requests to provide additional information to enable them to consider his request. They asked an ombudsman to resolve this 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 overall as our investigator, although I have increased the compensation payable. I'll explain why.

The main question for me to review here is whether Savvy should pay Mr W compensation for not sorting out his complaint about ID theft earlier than they did. And whether this added to Mr W's distress and concern over being a victim of ID theft and the consequences.

I'm aware that Savvy has accepted Mr W didn't apply for the loan on 15 January 2019. They've cancelled the agreement and written off the debt. They've also amended Mr W's

credit record to ensure this loan no longer shows.

I would just add that this is very much the only thing Savvy could do. It's clear to me from the evidence provided by Mr W – who it should be noted did a lot of the legwork himself in trying to clear this up – that he didn't take out the loan. I also believe this should have been clear to Savvy as well.

It's not my role to tell a business what systems and processes it should have in place to identify complaints about fraud. However I have to note that in this case, I can't see Savvy's processes were designed to assist the victim. There is a requirement on them to make sure they can deal with victims of fraud effectively and fairly. I appreciate it can sometimes be tricky to differentiate between genuine victims and those people who may have taken out loans and no longer wish to pay. And financial institutions need to have time to carry out their proper investigations.

However Mr W contacted them in January 2019 and felt he had no option but to bring his complaint to our service in October: nine months later. Savvy by this stage seems to have ignored what Mr W was telling them that there would be no police investigation.

Our investigator detailed in her views of 13 April and 26 May 2020 the steps Mr W went through and the correspondence he had with Savvy in his attempt to get them to stop asking him to pay for a debt that wasn't his. I don't feel the need to repeat these, other than to confirm I've read the detailed 29-page set of contact notes provided to us by Savvy along with their robust response to the first view on 29 April 2020.

Savvy told us they were only waiting for Mr W to provide them with a report from Action Fraud but I can't see them ever asking him for this. He provided them with a reference from Action Fraud right from the start. He also provided them with other information. He confirmed that he was unable to provide a police report. I'd expect Savvy's processes to be flexible enough to cope with the difficulty of providing a police report when in many cases it's known the police are unlikely to investigate.

Savvy has told us they contacted Mr W on numerous occasions without him getting back to them. I don't believe this can be the case. They've not provided us with evidence they were contacting him using his email or mobile contact. I suspect they may well have been attempting to contact the person who'd made the fraudulent application.

It was nearly 15 months after Mr W first complained to Savvy that they accepted the loan wasn't his. This seems to have taken an unnecessarily long time and I will be asking Savvy to compensate Mr W for this.

Putting things right

I've decided the fair and reasonable compensation to pay Mr W is £400. This is slightly higher than the redress our investigator recommended. I say this because I've reviewed Mr W's testimony about the impact this had on him.

I appreciate that it's not Savvy's fault that Mr W was a victim of ID fraud in the first place but knowing that he had been, I feel their response was inadequate. Their delays added to his distress.

My final decision

For the reasons I've given, my final decision is to instruct Valour Finance Limited, trading as Savvy.co.uk to Pay Mr W £400 for the distress caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 23 November 2021.

Sandra Quinn
Ombudsman