

The complaint

Miss B complains that Retail Money Market Ltd trading as RateSetter has held her liable for a loan which she says she didn't open.

What happened

In September 2021 a loan for £3,000 was opened in Miss B's name. The loan was paid into her current account and most of the funds were then transferred to her partner at the time, Mr P (they have since separated). The first loan payment debited Miss B's account on 27 October 2021.

On 19 November 2021 Miss B contacted RateSetter to say that she had not opened this loan. She said that Mr P had opened it in her name without her consent. Miss B confirmed that his parents were willing to repay the loan, but complained that it should not be showing on her credit file as she had not applied for it.

RateSetter looked into Miss B's complaint, but it felt the evidence suggested Miss B had applied for the loan herself, or at least been aware that it had been taken out in her name. So RateSetter said it would not be amending Miss B's credit file. Miss B was unhappy with RateSetter's response, so she referred her complaint to us.

One of our investigators looked into what had happened. They felt that Miss B's explanation for what had happened here was plausible and that the evidence did not show that she had taken out the loan. So they recommended that RateSetter remove any record of the loan from Miss B's credit file.

RateSetter disagreed, it said that it had carried out checks to properly identify Miss B when the loan was opened. RateSetter also noted that the funds had been paid into Miss B's current account but that she had not raised her concerns until two months later.

As no agreement could be reached this complaint has been passed to me for a decision.

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.

Where the evidence is incomplete or contradictory – as it is here – I have to base my findings on the balance of probabilities, ie. what I think is more likely to have happened in all the circumstances of the complaint. And with what I've seen, I'm satisfied that Miss B's account of events is plausible and supported by the evidence I've seen. So I think RateSetter should amend Miss B's credit file to remove any record of this loan.

I say this because, while I appreciate that the funds were paid into Miss B's current account, and I understand why that has given RateSetter cause for concern, Miss B has explained in detail what she thought the payment was for – Mr P had told her he was dealing in stocks

and shares and needed to pay some money into her account – and she has been consistent in her testimony. And nothing I've seen directly contradicts what she's said happened.

Miss B has also provided copies of RateSetter's contact notes regarding the account – which were sent to her by RateSetter – which show that the original email address and phone number associated with the loan were not the same as the email and phone number we have recorded for her, the details were changed by RateSetter when Miss B got in touch to dispute the loan. So while some of the information given when the loan was opened was accurate, it's clear there were also details that were not accurate – and crucially the inaccurate information is the information RateSetter would use to contact the account holder about the loan.

It's also clear from the evidence provided that a third party has repaid the loan, and what I've seen supports that this was Mr P's parents. It's unclear why they would have done this unless what Miss B has said about him taking out the loan was true.

RateSetter has commented that it would have carried out checks when opening the account which would have involved Miss B either sending it copies of her bank statements or using a service called 'open banking' to link the loan to her current account, thereby requiring even more stringent security checks. But RateSetter has since said that 'open banking' wasn't used to verify the application, and I've also not seen anything to show that statements for Miss B's current account were sent to RateSetter as part of the application. But even if they were, as I think it's more likely Miss B's partner (they were still together at the time) applied for the loan, it's not unreasonable to also think he may have been able to get hold of Miss B's bank statements.

With all this in mind, I don't think RateSetter has done enough to show that Miss B was the person who applied for this loan. It follows that I don't think it is reasonable for RateSetter to have recorded any information about this loan on Miss B's credit file.

Putting things right

Having thought about everything, I think that it would be fair and reasonable in all the circumstances of Miss B's complaint for RateSetter to put things right by removing any information regarding this loan account from Miss B's credit file.

My final decision

For the reasons I've explained, I'm upholding Miss B's complaint. Retail Money Market Ltd trading as RateSetter should put things right in the way I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 1 December 2022.

Sophie Mitchell
Ombudsman