

The complaint

Mrs K complains that Fly Now Pay Later Limited (FNPL) are holding her liable for a loan which she says she didn't take out. She'd like the loan written off and any information about it removed from her credit file.

What happened

In February 2020 a loan of around £900 was taken out in Mrs K's name with FNPL. The loan was to pay for a hotel reservation overseas which had been booked via FNPL's partner business.

Mrs K then received several letters from FNPL – which had been sent to her mother's address and then passed onto her – saying she owed it money. At that time Mrs K contacted FNPL to say she did not recognise this loan, and contacted Action Fraud to report it as fraud. It seems Mrs K then heard nothing further about the loan until she applied for a mortgage in early 2021 and her application was refused, on checking her credit file, she realised that the FNPL loan was showing as a defaulted debt, so she contacted FNPL to complain.

FNPL reviewed Mrs K's complaint but didn't uphold it. They thought, on balance Mrs K likely consented to the loan – and therefore should be held liable for it. Specifically, FNPL said:

- it took details of her name, address, and date of birth, and ran a credit check before opening the account
- the hotel reservation was booked in the name of Mrs K's husband, Mr A
- Mr A also had an account with FNPL which had been used to pay for flights relating to the same period of time and location as the hotel reservation

Mrs K wasn't happy with FNPL's response, so complained to our service.

One of our investigator's looked into what had happened, but overall agreed with FNPL that it was more likely Mrs K had consented to the loan. As no agreement could be reached, the complaint has been passed to me for review.

I issued my provisional decision on this case on 22 September 2022. Mrs K has responded to say she is largely happy with the proposed outcome but would like me to also consider asking FNPL to cover her solicitor's costs. FNPL did not respond to my provisional 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.

In my provisional decision I explained the following:

“A customer can’t be held liable for a credit agreement they didn’t consent to. So, I need to determine on balance whether Mrs K consented. Having done so I don’t think Mrs K did – I say this because:

- I’ve seen the details FNPL recorded when it opened the account in Mrs K’s name. The name and date of birth are correct, but the email address, phone number, and home address do not match up with Mrs K’s personal details, although the address is one that Mrs K and Mr A used for their business.*
- The ‘active card address’ given was for an address in Manchester, but Mrs K and Mr A do not live anywhere near Manchester*
- The linked booking for flights – in Mr A’s name – was also for flights from Manchester, not an airport local to Mrs K and Mr A*
- Mr A has provided bank statements which show he was using his debit card in the UK – in his local area, not in Manchester – during the period the hotel booking was for*
- Mr A’s date of birth does not match with that given for the hotel booking*

Each of these issues alone may not have caused me concern, but as a wider picture, this evidence gives me serious concerns about whether the loan account was legitimately opened by Mrs K.

Mrs K and Mr A have suggested that the information used to open the account and make the booking may have been taken from publicly available records regarding their business, and that does seem plausible. And along with the accurate information, the individual who opened the account also appears to have used several pieces of personal information which are not associated with either Mrs K or Mr A. In addition, FNPL has not been able to provide any information from its travel partner to show that the person who used the booking was in fact Mr A – such as a passport number or other identifying data which one might expect to be recorded as part of a travel booking.

I acknowledge what FNPL have said about the other account in Mr A’s name for flights, but while I’m unable to make any specific findings about the legitimacy of that other account in this decision, nothing FNPL has said about it has convinced me that Mrs K’s account was genuinely opened by her.

For the reasons I’ve outlined above I’m currently not satisfied that there is adequate evidence to show that Mrs K consented to this loan, so it follows that I do not consider FNPL are entitled to hold Mrs K liable for the loan.”

I appreciate Mrs K’s comments about the costs she incurred by consulting with a solicitor about this matter, and I understand why she would like FNPL to also cover that cost. But it was, ultimately, her decision to ask a solicitor for advice. That wasn’t something that she was required to do either by FNPL or this service, so I don’t think it would be fair to ask FNPL to cover that cost.

And as FNPL hasn’t made any further comment following my provisional decision, my findings remain unchanged.

Putting things right

As I don't think FNPL should have opened this account in Mrs K's name, it follows that I don't think it's fair for Mrs K to be held responsible for the outstanding debt. Therefore, FNPL should:

- Write off the loan in Mrs A's name
- Remove any reference to the loan from Mrs A's credit file
- Pay Mrs A £300 compensation for the distress caused

My final decision

I uphold this complaint. Fly Now Pay Later Limited 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 Mrs K to accept or reject my decision before 21 November 2022.

Sophie Mitchell
Ombudsman