

The complaint

Mr F is unhappy Virgin Media Mobile Finance Limited ("Virgin Media") allowed a third party to take out a fixed sum loan agreement using his details, without Mr F's consent. Mr F also complains about Virgin Media's handling of the matter.

What happened

In November 2021, someone claiming to be Mr F contacted Virgin Media by phone and applied for a fixed sum loan agreement for a mobile handset and an accessory. The cash price of the items was around £1,200 and the monthly repayments were for £34 over a 36-month term. The agreement included details such as Mr F's name, his address but a different mobile number and email address to Mr F's.

On 13 December 2021, Virgin Media's internal notes show they suspended the airtime account due to suspicious activity on the phone line. However, Virgin Media say unfortunately, the loan agreement remained active.

Mr F was alerted to this account when he received letters from Virgin Media letting him know payment was due. So, on 29 December 2021, Mr F contacted Virgin Media to let them know the account was fraudulent and that he wanted it closed down. An internal fraud query was logged by Virgin Media at this point, but it doesn't appear from their internal notes that further action was taken.

Mr F then made a further two calls to try and resolve things – with the last call being made on 20 July 2022 when another fraud query was raised, and Virgin Media's fraud team looked into the matter. As a result, the account was closed as fraudulent a few days later and Virgin Media sent Mr F a letter on 1 August 2022, confirming the account had been closed. Mr F said he then complained to Virgin Media about this but didn't receive a response. Mr F also asked a solicitor to send a complaint letter to Virgin Media on his behalf, and told us that this went unanswered.

Mr F says throughout all of this, Virgin Media attempted to take a payment from his account and pursued him for the outstanding debt. Eventually, the account was sold to a debt collector who contacted Mr F to ask him to repay the debt. Mr F said he wanted an apology from Virgin Media for what had happened.

Virgin Media acknowledge the account was fraudulent and also that Mr F didn't receive the level of customer service they would expect. Virgin Media said they closed the account, wrote off the outstanding amount, provided feedback to the relevant department, apologised for what had happened and also offered Mr F £100 compensation for the distress and inconvenience.

Mr F didn't accept this as he said Virgin Media caused him a lot of stress, time and aggravation in trying to resolve this issue. Mr F also said he instructed a solicitor to act on his behalf, which cost him money. Mr F said the stress was further exacerbated by the debt collector who turned up at his house asking him to repay the debt. And that despite taking

matters to the police and Action Fraud and obtaining a crime reference number, Virgin Media still didn't close the account.

Our Investigator looked into things for Mr F. In summary, she said there wasn't anything which showed Virgin Media ought to have reasonably known this was a fraudulent account at the time of application. However, the length of time it took Virgin Media to look into things wasn't reasonable - had they looked into things when Mr F raised his concerns in December 2021, it's likely Mr F wouldn't have needed to call Virgin Media again and it's unlikely the debt would have been passed to a debt collector. Lastly, our Investigator said having considered the distress and inconvenience caused by Virgin Media, she felt £250 compensation in total was fairer.

Virgin Media accepted our Investigator's view. Mr F said he didn't accept the compensation our Investigator recommended but acknowledged that there wasn't anything more she could do within our service's remit. Mr F said he would instruct his lawyer to take this matter further and expose Virgin Media to the wider public. Mr F also clarified that the items weren't sent to his address, so the fraudster must have retrieved them another way. As a result, the complaint has been passed to me to decide.

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.

I'm sorry to hear Mr F has fallen victim to fraud and I can understand why Mr F wanted to get things resolved quickly. While I may not comment on everything raised, I've thoroughly read and considered all the evidence and arguments from both sides. My decision focuses on the relevant key issues, and on what I consider fair and reasonable in all the circumstances of the case.

I've looked at the application and can see some of the details used are Mr F's – such as his name and address. The mobile number and email address don't match Mr F's. It's unclear how the fraudster was able to obtain these details, but Virgin Media said they had no reason to believe they weren't dealing with Mr F when the application was made. Having considered this, as well as the fact that Mr F's correct details weren't already known to Virgin Media, I don't think there's anything that ought to have alerted Virgin Media that this was a fraudulent account. Or anything that required Virgin Media to carry out more checks than they may usually do when the application was made.

So, at the application stage I don't think they've done anything wrong. Next, I need to consider whether Virgin Media need to take any further steps. They have ultimately accepted the account was fraudulent, closed it down and stopped pursuing Mr F for the debt. Where an account is accepted as fraudulent, this is as I'd expect. But I need to think about whether the amount offered by Virgin Media fairly compensates Mr F for what went wrong before they took these steps.

Virgin Media's internal notes show me they raised an internal fraud query the same day Mr F contacted them in December 2021. But I haven't seen any evidence to show me if further steps were taken after this was raised internally. We asked Virgin Media for information on what happened, and they said there may have been a slight delay in receiving Mr F's concerns but haven't explained the reason why no further action was taken. I would have expected Virgin Media to look into things quickly given the fraud concerns Mr F was raising at the time. However, it doesn't look like this was done until Mr F called Virgin Media for a third time – when Virgin Media raised another fraud query in July 2022, which resulted in the account being closed shortly after.

It's disappointing to see Virgin Media didn't act quickly initially and I think had they taken further steps when Mr F raised his concerns in December 2021, it wouldn't have led to what then followed - chasers for the outstanding debt by Virgin Media and the debt company, as well as the inconvenience caused to Mr F in trying to sort the matter.

Next, I've gone on to consider the distress and inconvenience caused to Mr F. I note Mr F has made reference to exposing Virgin Media for their shortcomings. It's important to stress that this service doesn't punish or fine a business for getting things wrong. Instead, we can award compensation to consumers for any financial loss and potential upset and inconvenience caused by a business' error.

I think the initial worry in finding out about this account was caused by the fraudster's actions in obtaining credit using Mr F's details – that isn't something I can legitimately say Virgin Media are responsible for. But I also acknowledge that further distress was caused as a result of Virgin Media not handling things as I would have expected.

Mr F spent a lot of time and effort trying to get Virgin Media to recognise this was a fraudulent account and for them investigate matters further. Mr F has explained this issue caused him stress and aggravation and that his credit score was impacted by, what he says he can only assume, this issue. I can appreciate the worry and distress caused especially in finding out that the debt was passed to a third party and them turning up to his house, despite telling Virgin Media that the account was fraudulent. For these reasons, I think Virgin Media should pay Mr F £250 compensation in total. Virgin Media told us Mr F's credit file should have been amended so that information about this agreement doesn't appear on there. But in case this hasn't happened, and so there is absolute clarity, Virgin Media should remove all information about this loan agreement from Mr F's credit file.

Mr F told us he instructed a solicitor to contact Virgin Media on his behalf about the fraudulent account, after Virgin Media had closed the account and issued their final response, which cost him money. While I understand Mr F's concerns, I can't reasonably ask Virgin Media to reimburse him with the costs he may have incurred. I say this because it was Mr F's choice to instruct a third party and to pay for the service of that party.

If Mr F accepts this decision, it'll become legally binding on both parties. So, Mr F may want to take legal advice to see how that could impact any further claims he may have.

My final decision

For reasons explained above, I uphold this complaint and require Virgin Media Mobile Finance Limited to pay Mr F £250 compensation in total as well as clear any information about this agreement from Mr F's credit file if this hasn't been done so already.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 3 April 2023.

Leanne McEvoy
Ombudsman