

## **The complaint**

Mr H has complained Metro Bank PLC, trading as RateSetter, is holding him liable for a personal loan he didn't take out.

## **What happened**

A loan with RateSetter for £5,000 was taken out in Mr H's name on 15 August 2022. At the same time Mr H realised his bank account had been emptied. His bank (who I'll refer to as S) confirmed Mr H had been a victim of impersonation and account takeover. Loans had been taken out in his name, paid into his account with S and then transferred elsewhere.

Other lenders wrote off loans taken out in Mr H's name, but RateSetter wouldn't. They believed S had been at fault and expected the loan to be repaid.

Dissatisfied, Mr H brought his complaint to the ombudsman service. Our investigator confirmed Mr H had not taken out the loan nor signed up to the terms and conditions. RateSetter couldn't continue to hold him liable.

RateSetter refused to accept this outcome. They've asked an ombudsman to consider the 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 as our investigator. I'll explain why.

Nobody disputes Mr H was a victim of fraud. A third party took out loans in his name and managed to get the monies paid into Mr H's account with S. As this third party also had an account with S, they were able to change details on Mr H's account and transfer loan monies to them.

There's no evidence to indicate Mr H took out the loan with RateSetter. He didn't agree to the terms and conditions, nor did he benefit from the money.

I'm surprised therefore RateSetter believe they can continue to hold him liable for repayment. They don't have grounds for this as all parties accept Mr H didn't take out the loan.

I appreciate RateSetter is aggrieved that the money was paid to a third party through no fault of their own. They carried out their requisite checks. They believe S are at fault.

That isn't the issue here. I'm considering whether RateSetter can hold Mr H liable and I'm satisfied there's no basis for them to do so.

### **Putting things right**

RateSetter will need to write off the loan in Mr H's name and stop asking him to repay this. They will also need to remove any reference to this loan from Mr H's credit record.

### **My final decision**

For the reasons given, my final decision is to instruct Metro Bank PLC, trading as RateSetter, to:

- Write off the personal loan for £5,000 in Mr H's name;
- Stop asking Mr H to repay this loan; and
- Remove any reference to this loan from Mr H's credit record.

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

Sandra Quinn  
**Ombudsman**