

The complaint

Mr G complains that Metro Bank PLC trading as RateSetter ("RateSetter") failed to cancel a loan he denied applying for.

What happened

What Mr G says

Mr G has said that he was the victim of a scam and a person who I'll refer to as V persuaded Mr G that he was an employee of his bank's fraud department. Mr G was told his account was compromised and that his bank was dealing with the issue.

A series of text messages were sent to Mr G from V and were titled "fraud". Mr G was in contact with V for about four weeks whilst a series of loans were taken out in Mr G's name. Mr G was told by V to ignore the loans as they (his bank) were in direct contact with the companies and the issue was being dealt with.

Mr G was also told to delete his online banking profile because the scammers had compromised it. Mr G was told this would assist him securing his account. It was subsequently found that someone else (presumably V) set up another profile using Mr G's details and was able to move funds out of the account after securing five different loans in Mr G's name.

Mr G said that after a conversation with a friend, he was advised to visit his bank. At this point his bank told Mr G he was the victim of a scam and later refunded Mr G's personal funds that were taken as a result of the crime. Several other loan companies also accepted Mr G was the victim and wrote off the debts.

RateSetter didn't receive the first repayment of the loan and spoke with Mr G about it. Mr G explained what had happened, but RateSetter declined to write off the debt. Mr G raised a complaint but RateSetter didn't change their position. Mr G then brought his complaint to the Financial Ombudsman Service for an independent review.

What RateSetter say

RateSetter received an application for a loan for £17,000 and carried out various checks into the application and were satisfied the loan could be given to Mr G. The application used Mr G's genuine email and he received communication from them about it, including notification that it was successful.

Once the payment was made to Mr G's genuine bank account, the funds were transferred to a different account under the control of V. RateSetter contacted Mr G when the first repayment for the loan failed. Mr G explained the situation to them, providing copies of text messages he'd had from V, copies of his statements and letters from various other loan firms and his bank that confirmed other loans had been written off and that he was the victim of a scam.

RateSetter told Mr G that they weren't going to write of the loan because:

- The loan was transferred into Mr G's genuine account.
- A new mobile banking enrolment was created for his account held with his bank and 72 payments were allowed to pass through it without intervention.
- The fraud happened at the point the money was transferred out from his bank account and not at the point of the loan application.
- Mr G would have received multiple communications from RateSetter, and he would have had full knowledge of the terms and conditions. It was reasonable for Mr G to have contacted RateSetter at the earliest opportunity about the loan if he believed it was fraudulent.

The investigation so far

Mr G's complaint was assigned to an investigator who obtained evidence from both parties. Mr G sent the correspondence he'd had from other loan companies and his bank. He also supplied copies of text messages received from V.

RateSetter provided details about the loan application and the checks they'd carried out plus other information concerning the loan process and messages sent to Mr G. RateSetter reiterated the position they'd set out in their response to Mr G (listed above), they also said they couldn't verify one of the loan company's letters Mr G had given them.

After considering the evidence, the investigator upheld Mr G's complaint and recommended that the debt be written off and any adverse information reported to the credit reference agencies be removed.

The investigator didn't think that Mr G authorised the loan application because it was likely the result of an account takeover by (V) that enabled multiple loans to be taken out in his name. The investigator didn't think that Mr G's lack of contact with RateSetter was unusual here because he'd been persuaded that the bank was dealing with it.

RateSetter disagreed with the outcome and repeated their position, adding that they'd never received any evidence that Mr G was told not to contact them about the loan.

Mr G also provided a copy of a letter he'd received at his address in the name of a female (who he confirmed he didn't know), sent by RateSetter. The letter referred to another fraud claim. Mr G said he'd notified them about the letter but hadn't heard anything back from them.

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.

RateSetter's case is that the loss didn't happen until the funds were transferred out of Mr G's bank account. They also believe that Mr G had opportunity to notify them earlier about the loan. They've also said the checks they carried out, including the genuine email address, point to Mr G knowing about the loan and as it was sent to his genuine bank account, he should be responsible for it.

It's the case with Mr G's complaint that he denies applying for the loan or signing any loan

documents. He's also stated that he didn't supply any details to V or give him access to his bank account.

It appears that someone made an application in Mr G's name, using his details to complete the loan application. Mr G has confirmed the mobile phone number associated with the application doesn't belong to him.

The crux of the complaint is whether Mr G can be held liable for the loan application or not. If he can, then he would be liable to repay it. On the other hand, if on balance, the evidence points to (V) being responsible, then Mr G wouldn't be liable for the loan application and the resulting debt.

I've examined the evidence provided by both parties and I can see that the loan application made to RateSetter contains genuine details linked to Mr G, including his email address. Mr G himself provided copies of some messages he received from RateSetter about the loan.

It's his case that he was dealing with V for several weeks before visiting his local branch on the advice of a friend. In that time, over £60,000 had been obtained through various loans and some of Mr G's own funds were also removed from the account.

His bank confirmed to our service that they had refunded him as a result of what took place on his account. I've also seen various letters from other loan companies that show Mr G was named as the loan applicant and they'd been subsequently removed. I note that RateSetter couldn't confirm the letter from one of the companies was genuine. Given that Mr G has said he had the other loans written off, it seems unlikely he would have provided a letter about one of them that was incorrect. That's because if the loan wasn't written off, he would be liable and that doesn't appear to be the case.

RateSetter were asked if they could provide evidence that directly linked Mr G to the acceptance of the loan. They were able to provide details of an email sent to Mr G's address that showed a link to the online loan document. Logging into the account was required to accept the loan, but there's no evidence available to say where this was done from. It remains a possibility that whoever applied for the loan and completed the original account details using Mr G's information later logged into the account to accept the loan.

Once that happened, the funds were sent to Mr G's genuine bank account the next day and later transferred away by V. Whilst I accept that Mr G received the link to the loan application, there's no evidence it was him that completed the loan acceptance form. In fact, it's his case that it was V who was responsible for all the loan applications in his name.

I appreciate that RateSetter think Mr G could have raised the issue sooner and I do think it unusual that Mr G waited so long before he made other enquiries with his bank about the suspicious activity around the various loan applications being made in his name. But here, he explained that V was very professional and seemed to know a great deal about Mr G. A copy of one of the messages he received said:

"...upon investigating the reported fraudulent loan applications our department has contacted several companies who have received applications in your name. We are working with these companies to resolve this attempted fraud as soon as possible."

So, the evidence provided by Mr G including his testimony point to a third party (V) being involved in a lengthy scam against Mr G. It appears that the whole purpose of the scam was to prevent Mr G from accessing his online banking (by getting him to cancel his own access) and then to add the loans to the account and transfer it to various other accounts in V's name. The outgoing payments were kept relatively small, no doubt to avoid the bank from

noticing, but if Mr G had access it would have been obvious what was going on.

I haven't relied heavily on the other businesses positions regarding this scam, but the responses from other loan companies and his bank (who have confirmed the scam refund was genuine) seem to indicate that Mr G was a victim of a scam. Taken together with the evidence related to the RateSetter loan, the lack of clarity over who opened the account and ultimately signed the loan application, on balance I don't think there's sufficient evidence to hold Mr G responsible for the loan.

Putting things right

In order to put Mr G back in the position he would have been if this hadn't happened to him, RateSetter should now rewind the loan (ensuring Mr G has no further obligation to make any payments to RateSetter concerning this loan), including the removal of any additional charges resulting from it and to remove any adverse reporting made to the credit reference agencies resulting from the false loan application.

My final decision

My final decision is that I uphold this complaint against Metro Bank PLC trading as RateSetter and they're instructed to settle the complaint as outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 16 August 2023.

David Perry
Ombudsman