

## **The complaint**

Miss S has complained about Admiral Financial Services Ltd holding her liable for a debt which she says was the result of ID theft.

## **What happened**

This complaint surrounds an unsecured personal loan of £10,000, taken out in Miss S's name in mid-2022.

Miss S has explained that her friend of some years offered to lend her money to help her start investing in cryptocurrency. He helped her set up a crypto account using her personal details, a copy of her ID, and her account number and sort code. He then used those to apply for loans without her consent, and told Miss S that the credits to her account were from the various businesses he owned. He told Miss S that she might receive a letter which looked like loan documents, but she should ignore it as it was just to do with his business. He convinced Miss S to forward the money on for his investment scheme, but ended up just taking all the money himself. In the end, Miss S realised she'd been scammed, and the friend began threatening her. She says this loan is one of the ones he took out.

Our investigator looked into things independently and partially upheld the complaint. They found that Miss S had not taken out the loan herself, but that she'd also not questioned things sufficiently, particularly as another loan was paid into her account with a reference which made it clear it was a loan. So they thought she should be liable for the loan's principal, but not its interest, fees, or credit file implications.

Admiral didn't agree, so the complaint's 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.

There is quite a bit of evidence substantiating that Miss S was scammed, and that this loan was taken out by someone else without her consent. For example:

- The loan was applied for using a phone number which does not match to Miss S. Another business found that the number used for their loan matched to a man on the national fraud database;
- The email address provided was not Miss S's actual verified one, and was only set up shortly before the application;
- The IP address used does not match up to Miss S, was based in another city on the other side of the country from where she lived, and another business found that it flagged up on the national fraud database;

- While other personal details were correct, there is a clear point of compromise for them as the scammer asked Miss S for them to set up the crypto account;
- Miss S's testimony has been consistent and credible, and is supported by the messages with the scammer that she saved;
- These messages indicate that she really thought this was a crypto investment scheme being funded from her friend's businesses, that the scammer took her money, and that the scammer went on to pressure and threaten her;
- The loan funds were sent on, along with some of Miss S's own money, and Miss S does not appear to have benefitted from the loan at all;
- Other loans were taken out in the same period using matching details, and have been confirmed as being fraudulent;
- Another business carried out an identity check call. Having listened to the recording, the person they spoke to was clearly not Miss S, and sounds more like a man doing an impression of a woman.

I'm reasonably satisfied that Miss S did not agree to this loan, nor its term, schedule of repayments, interest rate, and so on. And ultimately, Admiral can't fairly hold Miss S to the terms of a loan agreement she didn't actually agree to or benefit from, even if she should have done more to protect herself. It follows that Admiral shouldn't hold Miss S liable for any interest or fees, nor report it on her credit file.

Admiral argue that they should continue to report the loan on Miss S's credit file to protect her from fraud, and for other lenders' sake. But a credit file should be an accurate report of accounts a customer actually took out – and Miss S did not take out this loan. It would be inaccurate to make it look as if she did. If Admiral want to help protect Miss S from further fraud, they are able to log a protective registration for her at CIFAS, which would be more effective than mis-reporting a fraudulent loan.

When it comes to the principal of the loan, I need to consider whether Miss S should have reasonably realised that the money she'd received was a loan, and whether she did enough to verify what was really going on.

By the time Miss S received this Admiral loan, she had already received loans from other companies, including one with a payment reference which set out clearly that it was a loan. I also understand that she received a welcome letter from Admiral, even if she was told by the scammer to ignore it. I can see that Miss S's own bank had contacted her to discuss the odd account activity, and discussed the possibility that she was being scammed. But Miss S repeatedly assured her bank that everything was legitimate. Similarly, I can see that Miss S's bank gave her warnings about investment scams, but she went ahead anyway. And I can't see that Miss S carried out reasonable checks or due diligence to verify what her friend was telling her.

I do understand that Miss S was being pressured by a friend who she trusted, and of course I sympathise with the fact that she fell victim to a scam. But by the time the Admiral loan was paid into her account, I find that she no longer had a reasonable basis to believe what her friend was telling her. She should have reasonably questioned things, and perhaps realised that she was receiving the proceeds of loans which would need to be paid back.

So based on what both sides have said and provided, I can't fairly tell Admiral to write off the principal of this loan. This is a difficult message for me to give, and I know it's a difficult message for Miss S to receive. But given circumstances of the case and the evidence at hand, I'm unable to reasonably reach any other conclusion.

### **Putting things right**

I direct Admiral Financial Services Ltd to remove any interest and fees from this loan, and to remove it from Miss S's credit record, along with any other negative information they may have recorded against her in relation to this loan. However, I find that they can still hold Miss S liable for the principal sum of the loan – just not under the terms of the loan agreement. If Admiral wish for Miss S to repay the capital, they will need to come to a separate arrangement with her outside the terms of the fraudulent loan agreement.

### **My final decision**

For the reasons I've explained, I uphold Miss S's complaint in part, and direct Admiral Financial Services Ltd to put things right by doing what I've said above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S to accept or reject my decision before 31 July 2023.

Adam Charles  
**Ombudsman**