

The complaint

Mrs G complains that Madison CF UK Limited trading as 118 118 Money ("118 118 Money") is holding her liable for the debt on a loan which she says she neither applied for nor knew about.

What happened

The background to this complaint is well known to both parties, so I won't repeat everything here. In brief summary, in June 2022 a loan was taken out with 118 118 Money in Mrs G's name for £5,000. Mrs G subsequently got in touch with 118 118 Money to let it know she hadn't applied for the loan. 118 118 Money investigated things and ultimately couldn't reach agreement with Mrs G, so she referred her complaint about 118 118 Money to us. Our Investigator couldn't resolve things informally, so the case has been passed to me for a 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.

Having done so, I've reached materially the same conclusions as our Investigator and for the same reasons.

In this case, my first consideration is: did Mrs G enter into this loan agreement, or was it done without her knowledge and consent as she alleges?

Having considered this carefully, I think it's most likely the loan was taken out in Mrs G's name without her knowledge and consent, and she therefore did not enter into the loan agreement. I say this because the information I've seen persuades me Mrs G was most likely tricked by a third-party into thinking the £5,000 that landed in her bank account marked as "MADISON CF UK LTD" were the third-party's wages. Mrs G has provided screenshots of messages, and I'm generally satisfied the information I've seen about this is plausible and persuasive – that Mrs G was in touch with someone who most likely took the loan out in her name without her knowledge or consent, and then tricked her into thinking it was his money that she should pay him. The information suggests the loan was applied for using a different email and phone number to Mrs G's. I appreciate Mrs G initially said she didn't know how her details were compromised. But I think anything Mrs G has said contrary to this doesn't affect the central point here – I'm satisfied from all the available information and evidence that it's most likely the loan was taken out in Mrs G's name without her knowledge and consent.

Since I'm satisfied Mrs G most likely didn't apply for or agree to this loan, I don't think it would be fair for 118 118 Money to hold her to the terms of the loan agreement she never saw or agreed to. So, 118 118 Money shouldn't hold Mrs G liable for interest and charges, neither should there be a record of the loan on Mrs G's credit file – so if there currently is, this should be removed.

However, I'm also satisfied in this case that it wouldn't be fair for 118 118 Money to pursue Mrs G for £2,500 of the loan funds. I say this because Mrs G's bank statements show that after the loan funds landed in her account, she sent £2,500 worth of them onto an account she was directed to pay by the third-party. Screenshots of what I accept are most likely messages between Mrs G and the third-party persuade me Mrs G was tricked into paying this £2,500 out of her account to the third-party on the basis that it was his money, with Mrs G genuinely not realising the £5,000 that had landed in her account was a loan from 118 118 Money in her name. I'm satisfied it wouldn't be fair for 118 118 Money to pursue Mrs G for this £2,500 because she received no benefit from it. I think she acted in good faith, not realising she was being tricked in circumstances where I can understand why the way in which the loan funds appeared on her statement didn't alarm or concern her given how the third-party tricked her. It wouldn't be fair for Mrs G to be pursued for this £2,500 in circumstances like this.

With regards to the remaining loan funds, which happen to also be £2,500, although Mrs G also tried to send these, or part of them, on to the third-party, ultimately this wasn't successful, so this £2,500 remained in Mrs G's account. So I'm satisfied that it's fair for 118 118 Money to pursue Mrs G for the balance of this portion of the £2,500 loan funds if it wishes to (but not under the loan agreement). In calculating the amount of this due, 118 118 Money should take any repayments made to the loan by Mrs G to date (if any) as having reduced this £2,500 balance.

My final decision

For the reasons explained, I uphold this complaint and I direct Madison CF UK Limited trading as 118 118 Money to:

- remove all interest and charges on the loan; and
- remove reference to the loan from Mrs G's credit file; and
- not pursue Mrs G for £2,500 of the loan funds; and
- with regards to the remaining £2,500 loan funds, take any repayments made to the loan by Mrs G to date (if any) as having reduced this £2,500 balance and not pursue Mrs G for more than this.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs G to accept or reject my decision before 27 December 2023.

Neil Bridge
Ombudsman