

The complaint

Mr R has complained that Lowell Financial Ltd has been pursuing him for debts which he says were the result of identity theft.

What happened

Between late 2019 and early 2020, a series of consumer credit accounts were opened in Mr R's name, at an address which he is not registered at. They received little payments then defaulted. Four of them were sold to Lowell.

Lowell traced Mr R to the address he's resident at and wrote to him. Mr R disputed the debts. He explained that based on the address they were opened at, it seemed they'd been taken out by his ex-partner. He provided bank statements to show that he hadn't made any of the payments to the accounts.

After some delay, Lowell queried things with the original lenders, who were unable to evidence that these were Mr R's accounts. Lowell wrote off two of the accounts. But it held Mr R liable for the other two, on the basis that they'd been open for some months, received a few payments, and there were other accounts in his name at the registered address.

Lowell then told Mr R it would close all of the accounts involved, but it later said this was a mistake and it would still hold him liable for two of them. It offered Mr R £175 compensation for this and its delays in dealing with things.

Mr R came to our service. Our investigator didn't uphold the complaint. Mr R didn't agree, so the complaint was passed to me to decide. I asked for further information, and in response one of the remaining lenders confirmed their account was fraudulent and closed it. One account remains open.

I sent Mr R and Lowell a provisional decision on 28 June 2023, to explain why I thought the complaint should be upheld. In that decision, I said:

I need to consider whether Lowell was entitled to pursue Mr R for these accounts, or not. To clarify, I am not holding Lowell liable for the original lending or anything which happened before it purchased the accounts – that would usually be the responsibility of the original lenders. Mr R may wish to complain to the original lenders separately. But Lowell is responsible for its own pursuing of Mr R.

Broadly speaking, the onus is on Lowell to show that it was entitled to pursue Mr R. And based on what I've seen so far, I find that it did not have such an entitlement.

To summarise the evidence at hand:

- The accounts were opened at an address which is not the one Mr R is registered at on the electoral roll, is not the one his mortgage or bank account is at, has no utility bills in his name, and which I cannot see any record of him being resident at.
- The only accounts registered in Mr R's name at that address are small delinquent credit lines, which were all opened around the same time, all defaulted, and are all either disputed by Mr R or have already been confirmed as being fraudulent. There is no historic data for Mr R at that address outside the period of the disputed/fraudulent accounts.
- I am reasonably satisfied that this is not Mr R's address.
- The other contact details on the accounts are not the ones Mr R uses, he says he does not recognise them, and they do not appear to be genuine.
- The only substantive correct information I can see on the accounts is Mr R's name and date of birth, which would be easy for a fraudster or ex-partner to obtain.
- The agreements were electronically signed, and I've found no evidence that they were signed by Mr R.
- No evidence has been provided of any substantial, positive credit or identity checks.
- No evidence has been provided of any goods being delivered to an address which Mr R was actually resident at.
- There does not appear to be any link between these disputed accounts and any genuine bank account of Mr R's.
- Mr R has provided bank statements to evidence that he neither received any money from, nor paid any money to these disputed accounts.
- There is no evidence that Mr R was aware of these accounts before he was traced to his actual address – at which point he disputed them.
- Neither Lowell nor any of the lenders made any confirmed contact with Mr R before he disputed the accounts.
- The only contact that was made was with an unverified and unauthorised woman, which I can see prompted further concerns of fraud.
- As mentioned above, some lenders have already confirmed that their accounts were opened fraudulently. One lender put preventative measures in place for Mr R at CIFAS, the national fraud database, in recognition of him being a victim of fraud.

Lowell's arguments for holding Mr R liable are poor. Just because the accounts were used for some months, and just because someone – apparently not Mr R – made some small repayments to keep them going for a bit, it does not follow that these were Mr R's debts. Those factors are circumstantial, and it's very much plausible that a fraudster – especially a known party – might do this so they can keep using the accounts for longer. Its argument that there are multiple accounts in his name at that address is circular. All of those accounts are either disputed as, or confirmed to be, fraudulent, and follow a similar pattern of potential fraudulent use.

So while I accept that Lowell initially bought these debts in good faith, I find that it did not have a sufficient basis or entitlement to pursue Mr R for them. And while I'm glad to see that Lowell eventually looked into Mr R's disputes – albeit after giving Mr R poor customer service – it did not react appropriately to the results of those disputes. The evidence at hand should have rung alarm bells for Lowell. Essentially, there is currently no substantial positive evidence which actually shows that these are Mr R's debts, whereas there's quite a bit of evidence which suggests they're not.

It follows that I currently think that Lowell cannot hold Mr R liable for these debts.

I have also thought carefully about how Lowell handled things for Mr R. As I mentioned above, its customer service here was poor. Lowell took too long to deal with things, and it looks like it either lost or ignored correspondence. The matter has now been continuing on for two years, and Mr R has had to put quite a bit of effort into sorting it out due to Lowell's unhelpfulness. Further, I can see that Lowell caused Mr R some considerable distress and upset by saying it would close all the accounts involved, then continuing to hold him liable for two of them anyway. That all needs to be put right. Taking into account our guidelines for compensation and the impact Lowell's errors had on Mr R, I find that its offer of £175 is not enough. £450 would be more appropriate in the circumstances of this case.

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.

In response to the provisional decision, Mr R thanked us and said he had nothing further to add.

Lowell confirmed that one of the remaining accounts has now been returned to the original lender due to concerns of fraud, and closed on its end. It sent in further information it had gathered from the other original lender for the last remaining account.

I'm grateful that Lowell has provided the information it could. But this information only supports the conclusions from the provisional decision. For example, it shows that the remaining account was applied for using the false address, false contact details, and a bank account which does not match Mr R's. As far as I can see, that lender had no positive identity checks which confirmed it was Mr R who was applying, and no previous genuine contact with him. And its records now reflect that the address registered to the account was being used for fraud.

So having reconsidered the case, I've come to the same conclusions as before, for the reasons set out here and in my provisional decision above.

Putting things right

I direct Lowell Financial Ltd to:

- Take the accounts involved out of Mr R's name and disassociate him from them, if it has not done so already;
- Make sure that Mr R is no longer pursued for these accounts;
- Remove its records of these accounts from Mr R's credit file; and-
- Pay Mr R £450 compensation in total for the trouble and upset it caused.

My final decision

I uphold Mr R's complaint, and direct Lowell Financial Ltd to put things right in the way I've set out above.

If Mr R accepts the final decision, Lowell Financial Ltd must carry out the redress within 28 days of the date our service notifies it of the acceptance.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 22 August 2023.

Adam Charles
Ombudsman