

The complaint

Mr G has complained Madison CF UK Limited, trading as 118 118 Money, is holding him liable for a personal loan he didn't take out.

What happened

A loan with 118 118 Money for £5,000 was taken out in Mr G's name on 31 May 2022. At the time Mr G had recently taken out a crypto trading account (with a business I'll call N) and invested £200. He's told us he'd got a call from the people running this account and allowed them to take control of his tablet. He was told to expect a payment into his account, which would be coming from the company. He was then told to send this to his account linked to his crypto account. This account had been set up with another bank (who I'll call R).

Within a couple of months, Mr G realised he'd become liable for a loan for which he'd received no benefit. 118 118 Money believed they'd done nothing wrong having undertaken the correct checks to ensure they could give a loan to Mr G. They'd tried to take a payment from Mr G's debit card with R but this failed and now expected Mr G to repay the loan. They sent him a notice of their intention to default his loan on 9 September 2022.

Dissatisfied, Mr G brought his complaint to the ombudsman service. Our investigator confirmed Mr G had not taken out the loan nor signed up to the terms and conditions. 118 118 Money couldn't continue to hold him liable for the full interest along with capital amount. She asked 118 118 Money to reduce Mr G's liability to the capital amount only.

Neither 118 118 Money nor Mr G accepted this outcome. They've asked an ombudsman to consider the complaint.

I completed a provisional decision on 18 August 2023. I believed as Mr G hadn't taken out this loan, he couldn't be held liable for any outstanding amount.

No response was received from 118 118 Money but we did receive one from Mr G. He reaffirmed he'd been tricked into taking out this loan.

I now have all I need to complete my final 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 the same outcome as I did in my provisional decision. What follows explains my thinking.

Our investigator completed a detailed view dated 27 June 2023. As I've reviewed the evidence myself, I don't intend to repeat what was said there as the evidence supports what our investigator has detailed. Along with evidence supplied to us by 118 118 Money, we've also looked at evidence from two of Mr G's bank accounts (including the one held with R).

There's no dispute that a loan was applied for on 31 May 2022. This was done after Mr G was conned into allowing access to his tablet. He was distracted at the time and wasn't paying too much attention to what the fraudsters were doing. As far as he was aware, he received the money into his main bank account as he'd been told to expect and he then made two payments out to his account with R. Along with another payment of £20 Mr G had sent to that account, £5,000 was sent in total.

The evidence shows N then made withdrawals from Mr G's account with R. Mr G provided them with codes sent to his phone to enable these withdrawals.

I can see that Mr G's main bank account refunded the initial £200 payment he'd made to N.

All of this confirms to me, that Mr G was being defrauded in line with scams that we've seen in similar cases.

I can also see the fraudsters provided Mr G's own mobile number to 118 118 Money. So I don't doubt he received text messages from them to confirm a loan had been set up and that payments were owed.

This suggests Mr G has not been completely forthcoming with our service. I find it hard to believe he wasn't aware that something untoward had happened. He was receiving text messages from 118 118 Money. I also can see he didn't follow up with R and N when withdrawals were being made. I accept what he's said about being tricked overall.

Overall the evidence suggests Mr G was a victim of fraud. A third party took out a loan in his name and managed to get the monies paid into Mr G's main bank account. As Mr G had been led to expect this money, he was happy to transfer this to his account with R. He'd set up this account with R, after discussion with N.

There's no evidence to indicate Mr G took out the loan with 118 118 Money. He didn't agree to the terms and conditions, nor did he benefit from the money.

I'm surprised therefore 118 118 Money believe they can continue to hold him liable for repayment. They don't have grounds for this as I believe Mr G didn't take out the loan.

I appreciate 118 118 Money 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 Mr G is at fault.

That isn't the issue here. I'm considering whether 118 118 Money can hold Mr G liable and I'm satisfied there's no basis for them to do so.

Putting things right

118 118 Money will need to write off the loan in Mr G's name and stop asking him to repay this. They will also need to remove any reference to this loan from Mr G's credit record.

My final decision

For the reasons given, my final decision is to instruct Madison CF UK Limited, trading as 118 118 Money, to:

- Write off the personal loan for £5,000 in Mr G's name;
- Stop asking Mr G to repay this loan; and

- Remove any reference to this loan from Mr G's credit record.

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

Sandra Quinn
Ombudsman