

The complaint

Miss B complains that Quidie Limited trading as Fernovo ("Fernovo") 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 December 2022 a loan was taken out with Fernovo in Miss B's name for £200. Miss B subsequently got in touch with Fernovo to let it know she hadn't applied for the loan. Fernovo investigated things and ultimately couldn't reach agreement with Miss B, so she referred her complaint about Fernovo 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 decided to uphold this complaint and for materially the same reasons as our Investigator.

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

I understand Fernovo has accepted Miss B didn't apply for the loan. And so it's said it's willing to waive all interest and charges on the loan, and to delete the loan from Miss B's credit file. Since I'm also satisfied Miss B most likely didn't apply for or agree to this loan, I agree: I don't think it would be fair for Fernovo to hold Miss B to the terms of the loan agreement she never agreed to, so Fernovo shouldn't hold Miss B liable for interest and charges, neither should there be a record of the loan on Miss B'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 Fernovo to pursue Miss B for the outstanding loan funds. I understand what Fernovo has said about if the loan funds paid into Miss B's account were moved on from there to her ex-partner's account without her authorisation, this would be something Miss B could take up with her bank. However, Miss B has told us she hasn't done this. She hasn't brought a complaint here about her bank. And I need to decide this complaint about Fernovo in front of me – which is about whether it would be fair for Fernovo to pursue Miss B for the loan funds. And, for the same reasons as explained by our Investigator, I don't think this would be fair. I'm satisfied Miss B has not benefited from the loan funds and that there isn't any other reason in this case why it would be fair for her to be pursued for them.

My final decision

For the reasons explained, I uphold this complaint and I direct Quidie Limited trading as Fernovo to:

- write off the loan and not pursue Miss B for any repayment of the loan; and
- amend Miss B's credit file removing any information about the loan and searches.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 11 December 2023.

Neil Bridge
Ombudsman