

The complaint

Mr E complains that Vanquis Bank Limited (“Vanquis”) held him liable for the debt on a loan which he says he neither applied for nor knew about, which caused him distress and inconvenience, and financial loss.

What happened

The background to this complaint is well known to both parties, so I won’t repeat everything here. In brief summary, Mr E has explained that in March 2023 he discovered a loan had been taken out with Vanquis in his name. He therefore got in touch with Vanquis to let it know he hadn’t applied for the loan. Vanquis investigated things but ultimately couldn’t reach full agreement with Mr E about how things should be resolved, so Mr E referred his complaint about Vanquis 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.

I’ve focused on what I think is the heart of the matter here. If there’s something I’ve not mentioned, it isn’t because I’ve ignored it. I haven’t. I’m satisfied I don’t need to comment on every individual point or argument to be able to reach what I think is the right outcome. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

I’ve decided to uphold this complaint in part (but not in the main) for essentially the same reasons as our Investigator. That is, I think a fair outcome is for Vanquis to pay Mr E £100 for distress and inconvenience, but not more than that. I understand Mr E will be disappointed. I’ve explained the reasons for my decision below.

Information I’ve seen shows Mr E first got in touch with Vanquis on 8 March 2023 to report the loan had been taken out in his name without his knowledge or consent. Following an investigation, in May 2023 Vanquis decided the loan had indeed been fraudulently taken out in Mr E’s name, and that it wouldn’t pursue him for the debt, and it would amend his credit file to remove any adverse impact.

I understand Mr E has remained unhappy because he thinks Vanquis should pay him compensation for distress and inconvenience and financial loss he says he’s consequently suffered. He has said this is because he received a significant number of letters inappropriately chasing him for the debt; he had to spend time sorting things out, including phone calls with Vanquis in which, he says, Vanquis wasn’t helpful. Mr E has also said that his credit score was affected, which caused him problems, such as his Very account being blocked, his Argos card being declined, and a declined application for car finance which he says affected his income. Mr E has said that his credit score is still not back to where it was prior to the fraud. And he’s said this was all caused by Vanquis improperly accepting the

loan application fraudulently made in his name in the first place, and because it didn't write to him at the time of the application to give him an opportunity to decline the loan.

I've thought carefully about everything Mr E has said. And I appreciate he feels very strongly Vanquis improperly accepted the loan application in the first place. However, the fact a third party managed to fraudulently open the loan in Mr E's name doesn't automatically mean Vanquis was at fault in granting the loan in the first place. Fraud is an increasing concern, and it's evolving. We see many cases where a lender followed its proper procedures, which clever fraudsters managed to work around. And in this case, I haven't seen anything to persuade me there were any acts or omissions on Vanquis' part that were the cause of the fraudulent loan being successfully taken out. I understand Mr E has said Vanquis should have written to him to give him a chance to decline the loan. But I can't say that Vanquis reasonably ought to have been obliged to do so, when it was not unreasonably already satisfied in this regard from the loan application process. I therefore think the salient cause, of any distress and inconvenience and financial loss Mr E has said he has suffered, is the third party who took the loan out without Mr E's knowledge and consent, rather than Vanquis' actions.

Vanquis wrote to Mr E on 19 May 2023 to let him know the outcome of its fraud investigation, around ten weeks after Mr E's first contact. I don't think this was unreasonable. Mr E has said he didn't receive this letter until August 2023, but Vanquis' internal notes indicate the letter was sent on 19 May 2023 and that Mr E called on 30 May 2023 to disagree with the findings as he felt this had caused him distress and inconvenience and prevented him from obtaining credit including a remortgage and a new car. But it was always going to take some time to sort things out. I don't think the length of time Vanquis took to investigate and make the decision that it wouldn't pursue Mr E for the debt and it would rectify his credit file was unreasonable. And I don't agree that Vanquis was unhelpful. I also note that Vanquis appears to have arranged for Mr E's credit file to be corrected in May/June 2023. Such changes can take some time to show. And I don't think this was unreasonable.

Vanquis also explained that it couldn't stop the letters about the loan to Mr E because it was following the regulations set out for financial businesses. I can appreciate why Mr E wanted these letters stopped. However, considering Mr E knew Vanquis was investigating, and from 19 May 2023 he knew the investigation outcome, I can't reasonably say Vanquis should be required to pay Mr E compensation for distress and inconvenience due to this. However, I understand Vanquis issued a further chaser for payment on 28 August 2023, which is after it accepted the loan as fraudulent, and Vanquis has since explained that the loan account wasn't settled as soon as it should've been which prompted this letter. So I do think Vanquis should have done better in this regard, and I agree with the Investigator that Vanquis should therefore pay Mr E £100 for distress and inconvenience.

Finally, I understand Mr E has said that his credit score isn't as high as it was prior to the fraud occurring. But there are several factors that can impact an individual's credit score. And Mr E has confirmed the adverse information recorded by Vanquis is no longer on his file. So, I don't think there needs to be further action in this respect.

My final decision

For the reasons explained, I uphold this complaint in part (but not in the main) and I direct Vanquis Bank Limited to pay Mr E £100.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E to accept or reject my decision before 28 March 2024.

Neil Bridge
Ombudsman