

The complaint

Mr G complains that Mitsubishi HC Capital UK Plc trading as Novuna Personal Finance ("Novuna") is holding him liable for the debt on a loan which he says he didn't consent to.

What happened

The background to this complaint is well known to both parties, so I won't repeat everything here. In brief summary, in September 2022 a loan was taken out with Novuna in Mr G's name for £12,000. Mr G subsequently got in touch with Novuna to let it know he hadn't applied for the loan. Novuna investigated things and ultimately couldn't reach agreement with Mr G, so he referred his complaint about Novuna 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 reflects the informal nature of our service.

I've decided to uphold this complaint for materially the same reasons as our Investigator. I'll explain why.

In this case, my first consideration is: did Mr G enter into this loan agreement, or was it done without his knowledge and consent as he alleges? Having considered this carefully, I think it's most likely the loan was taken out in Mr G's name without his knowledge and consent at the time, and he therefore did not enter into the loan agreement. I say this because Mr G has plausibly and persuasively explained that he'd been contacted by a scammer claiming to be from his bank, who'd tricked Mr G into thinking he'd been the victim of fraud, his account was compromised, and that they were dealing with things. Mr G has said he was tricked by this scammer to believe that when he received communications about lending in his name, he should ignore them because the scammer (who, as already said, tricked Mr G at the time into thinking they were from his bank) was dealing with and sorting everything for him. Mr G has also explained that he was told by the scammer to delete his online banking account as they believed that was how the fraud was being committed. Like our Investigator, I'm satisfied I've seen information supporting this.

I take on board the points Novuna has made about the application appearing to be from Mr G and that the funds were paid into his bank account. However, I'm satisfied from the information I've seen that Mr G's submissions about what happened are most likely accurate, such that it's most likely it was the scammer who applied for the loan in Mr G's name without his consent, and tricked Mr G into thinking they would resolve this as part of correcting everything to do with his compromised bank account. I note Novuna has explained that in September 2022 it received *two* loan applications in Mr G's name, and the

second one wasn't paid out because Novuna's financial crime team had concerns after receiving it. So it seems Novuna itself had concerns about things quite soon after the £12,000 loan was granted. I also note that in a separate case here about a loan in Mr G's name from a different company during the same relevant period that a separate Ombudsman was persuaded on things. And I've not seen anything in this particular case here specific to Novuna that leads me to think this case should be decided differently.

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

I'm also satisfied in this case that it wouldn't be fair for Novuna to pursue Mr G for the outstanding loan funds. I say this because I'm satisfied from the information I've seen that it's most likely, after the £12,000 loan funds landed in Mr G's account on 6 September 2022, that it was the scammer that worked things such that these funds were then paid out of Mr G's account to third parties without Mr G's knowledge of what was happening at the time, such that Mr G benefited from none of the loan funds and was saddled with a loan with Novuna he didn't consent to. I understand Novuna has said that if the loan funds were moved on from Mr G's bank account without his authorisation, or by him being tricked, then this would be something he could or should take up with his bank. However, Mr G hasn't brought a complaint here about his bank. And I need to decide this complaint about Novuna in front of me – which is about whether it would be fair for Novuna to pursue Mr G for the loan funds. And, for the reasons I've explained, I don't think this would be fair. I'm satisfied Mr G has not benefited from the loan funds and that there isn't any other reason in this case why it would be fair for him to be pursued for them.

My final decision

For the reasons explained, I uphold this complaint and I direct Mitsubishi HC Capital UK Plc trading as Novuna Personal Finance to:

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 19 February 2024.

Neil Bridge
Ombudsman