

The complaint

Mr H complains that Madison CF UK Limited trading as 118118 Money allowed a third party to take out a loan in his name. 118118 has now cleared the loan from Mr H's credit report. But he would like to know how this was allowed to happen and be paid compensation for the distress and inconvenience this situation has caused. He says he couldn't take out a mortgage due to the loan appearing on his credit file.

What happened

Our investigator didn't think the complaint should be upheld. He said that 118118 didn't do anything wrong by accepting the loan application. So, he couldn't consider the distress and inconvenience Mr H says he suffered.

Mr H disagreed and has asked for an Ombudsman's review. He said 118118 failed to do enough checks when accepting the application. He said he commonly uses his middle name when applying for loans and accounts, but the fraudster didn't use his middle name which should've been suspicious. Mr H said that he'd like compensation from 118118 because he couldn't obtain a mortgage at the time the loan was showing on his credit file. When the loan was eventually removed, he obtained a mortgage but at a much higher rate of interest.

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.

It's not in dispute that this loan was taken out fraudulently. 118118 isn't now holding Mr H liable for the debt here. It's cleared the loan from his credit file and registered the issue with CIFAS which is what this service would expect it to do in this situation.

I appreciate Mr H has said that more should've been done to check this application was submitted by him and the comments he's made about his middle name. From the evidence I've seen, I'm satisfied 118118 considered the appropriate personal information when the loan was accepted, and it did the necessary checks. But the fraudster was able to obtain personal information about Mr H to get passed these.

To be clear, I'm not blaming Mr H here. I'm pointing out that in this instance both he and 118118 have been inconvenienced by the actions of the fraudster who took out the loan.

Mr H would like me to consider compensation due to the issues he had obtaining a mortgage whilst this fraudulent loan appeared on his credit file. It's important to note that I don't think 118118 did anything wrong when it accepted the loan application or when it decided to no longer hold Mr H responsible for the debt the fraudster had incurred. So, I don't think I can reasonably ask it to consider a compensation payment here.

So, I'm not going to ask 118118 to do anything more here.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 15 March 2024.

Mark Dobson
Ombudsman