

The complaint

Mrs A complains that a loan was taken out with Metro Bank PLC trading as RateSetter in her name when she hadn't submitted an application.

What happened

On 8 August 2022 a loan application was submitted in Mrs A's name for a loan of £20,000 over a term of 60 months. The loan was approved and paid into Mrs A's account on 9 August 2022.

In December 2022 Mrs A contacted RateSetter and said she was entering into a debt management plan. The loan was placed into 30 days of breathing space.

In January 2023 Mrs A contacted RateSetter again and said she'd been a victim of fraud and that the loan shouldn't have been provided to her.

RateSetter didn't uphold the complaint. It said Mrs A was liable for the loan repayments.

Mrs A remained unhappy and complained to this service.

Our investigator didn't uphold the complaint. He said that RateSetter had carried out reasonable and proportionate checks before approving the loan.

Mrs A didn't agree so I've been asked to review the complaint.

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.

In her initial complaint to RateSetter, Mrs A said that she hadn't submitted a loan application. She said she'd received contact from an investment company and had sent them £200. They had asked her to invest more by taking out a loan and asked her to download an application called "Anydesk". Mrs A said the investment company had tricked her into applying for the RateSetter loan and had coached her to say that the loan was for home improvements. She says the investment company transferred the funds to an account in her name that they'd opened. The funds were then transferred to another account.

I've reviewed the information provided by RateSetter and I can see that a loan application was received in Mrs A's name on 8 August 2022 for a loan of £20,000 over a term of 60 months. The loan was approved, and the funds were paid into Mrs A's account. The first three instalments of the loan were paid. Following this, Mrs A advised RateSetter that she was entering into a debt management plan.

As part of my consideration of this complaint I've looked at the checks that RateSetter completed. I've done this because lenders are required to complete reasonable and proportionate checks to make sure that a loan is affordable.

I've reviewed the checks that RateSetter completed before lending to Mrs A. It has said that Mrs A declared that she was employed full time earning £30,000 per annum or £2,019.03 net per month. Her identification was verified electronically using credit reference agency tools and her income was verified using an income verification tool. Based on the outcome of these checks, RateSetter determined that Mrs A had passed the lending criteria and the loan was approved.

I appreciate that Mrs A's complaint isn't primarily about affordability, although having said that, I can see that her initial contact with RateSetter in December 2022 was about a debt management plan, and it wasn't until later in January 2023 that she raised the issue regarding the third party investment company. Based on what I've seen, I'm satisfied that RateSetter completed reasonable and proportionate checks before lending to Mrs A and that the loan was affordable.

I've gone on to consider whether RateSetter ought to have been aware that Mrs A was the subject of a fraud or scam. I've reviewed the loan application to see if there was anything that would've alerted RateSetter to the fact that something wasn't right. In the application Mrs A stated that the purpose of the loan was for home improvements. I don't think this would've caused RateSetter to suspect a fraud or scam.

Mrs A has said that she was told by the investment company to say that the loan was for home improvements. I have no reason to doubt what Mrs A says about this. However, this doesn't mean that RateSetter ought to have known what was happening.

Having reviewed everything I'm not persuaded that RateSetter knew, or ought to have known, that Mrs A had fallen victim to a scam. I'm unable to say that the loan was mis-sold.

For the reasons I've explained I'm unable to uphold the complaint.

My final decision

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

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

Emma Davy
Ombudsman