

The complaint

Mr J has complained that Admiral Financial Services Limited are holding him liable for a loan which he says was taken out and spent without his permission.

What happened

Both sides are most familiar with the case, so I'll summarise what happened in brief.

In February 2022, a £15,000 loan was applied for in Mr J's name with Admiral. The applicant was verified using Mr J's driving licence, utility bill, bank statements, and payslips. The agreement and documents were sent to Mr J's address.

In March 2022, the loan was paid into Mr J's bank account, then paid on to a car dealership using Mr J's online banking, on a device and IP address which Mr J had used for his genuine banking activity.

Shortly after the money was paid to the dealership, Mr J reported the loan and subsequent payments as fraudulent. He said he hadn't shared his banking security details or written them down anywhere that wasn't password-protected. His device was password and antivirus protected, and he hadn't responded to any suspicious communications or been scammed. He noticed things were wrong when he was notified he'd gone into his overdraft.

Mr J later said he actually had written down his security details in a little book which he kept with his wallet. He said he'd lost that book along with his wallet and driving licence at some point before the loan. He confirmed he did receive Admiral's letters in February 2022. He argued he wouldn't have bought a car as he already had one. He applied for a replacement driving licence in August 2022.

Our investigator looked into things independently and didn't uphold the complaint. They found that the loan had been applied for using Mr J's genuine ID and documents. Even if they accepted Mr J had lost his wallet and book, they didn't see how a fraudster would have access to his utility bills, statements, payslips, and the device he used for his online banking.

Mr J didn't agree, so the complaint's been passed to me to decide.

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 found that Admiral are entitled to hold Mr J liable for this loan. I'll explain why.

The applicant was verified as being Mr J using his driving licence, utility bill, bank statements, and payslips. While Mr J says his driving licence and banking security details were with the wallet he lost, that doesn't explain how a fraudster would have possession of his utility bill or payslips. And I don't see a likely or plausible way that they would.

Further, given that Mr J said he already had a car he used, if he lost his driving licence in February 2022 or earlier then I would have expected him to replace it as soon as possible. But his application for a replacement was dated August 2022 – six months or more after he says he lost it. So I'm not satisfied that Mr J lost his licence before the loan was taken out.

I should also note that while Mr J now says he kept an unprotected written record of his security details in a book that he lost, he previously said he didn't keep any such record. This sort of inconsistency makes it difficult for me to rely on his testimony.

Mr J confirmed he received Admiral's letters in February 2022. These letters made it very clear that a loan had been applied for in his name, would be paid to his bank account, and would need to be repaid. They gave Mr J Admiral's contact details and told him to get in touch urgently if anything was incorrect. Yet he didn't tell Admiral anything was wrong until March 2022, after the loan had been paid to him and then spent. It's unlikely that Mr J would wait until after the fact to report this loan if it had been applied for without his permission.

We looked at what happened with Mr J's bank account in a separate case. In summary, we found that:

- The loan money was paid to the car dealership from a device and IP address which Mr J had used for his genuine online banking activity.
- There was no plausible explanation for how a fraudster could've made the disputed payments on Mr J's device and internet connection without his consent, even if we accepted that someone stole his book.
- During recorded calls with the bank, Mr J confirmed some of the disputed spending as being made by him at the time. He only later claimed it was fraudulent.

The only likely and plausible explanation we found was that the disputed payments were made with Mr J's consent.

In summary, this loan was taken out using Mr J's genuine ID and personal documents. There's no plausible explanation for how a fraudster would've had access to some of those documents, and the evidence does not support that Mr J lost his ID at the time he said he did. Mr J would've been aware of the loan shortly after it was applied for, yet he didn't report it until after the funds were paid to him and spent. His testimony has been contradictory. And we've found that the loan funds were most likely spent by Mr J or by someone he'd given his permission to.

On that basis, I find that it's fair for Admiral to hold Mr J liable for this loan, and to pursue him for the outstanding balance he owes. I know this is not the outcome that Mr J was hoping to receive. But given the evidence at hand and the balance of probabilities, I'm unable to reasonably reach any other conclusion.

My final decision

For the reasons I've explained, I don't uphold Mr J's complaint.

This final decision marks the end of our service's consideration of the case.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 20 March 2024.

Adam Charles
Ombudsman