

The complaint

Ms F complains that Chetwood Financial Limited trading as BetterBorrow is holding her liable for a loan she says was taken out fraudulently in her name.

Ms F is being represented in this complaint. For ease, my reference to Ms F includes submissions made by her as well as her representative.

What happened

In the spring of 2023, Ms F fell victim to an investment scam. She says the scammer took her personal details and made her download apps. She also granted remote access to the scammer who made a loan application in her name. BetterBorrow received, and approved, an application for a £10,000 personal loan in Ms F's name in May 2023. The funds were paid into her existing account with a bank "N", before being sent on to another account in her name with a different provider "R". From there, cryptocurrency was purchased and lost to the scammer.

Ms F says she saw the loan funds credit her account with N, but she was led to believe by the scammer that this money came from an investment that went in her favour from selling bitcoin. She understood the funds would need to be transferred out again to keep the investment going. When she checked her account with R, she noticed all the money had left the account. That was when she realised that she'd been scammed. Ms F says she discovered the funds paid into her account with N were proceeds from a loan when BetterBorrow attempted to take the first repayment amount.

Ms F reported the matter to all the financial businesses involved. She states N accepted that she'd been scammed and refunded the money that was in her account prior to the loan funds being credited. N advised Ms F to contact R regarding the loan amount, but R refused to do anything. Ms F also informed BetterBorrow that the loan had been applied for without her knowledge or consent. It investigated her fraud claim but ultimately concluded that she remained liable to return the full loan amount along with interest.

Unhappy with this, Ms F complained to BetterBorrow before referring her complaint to our service. Our investigator was satisfied that Ms F fell victim to a scam and was tricked into sharing various personal details which enabled the scammer to apply for a loan in her name. The investigator also concluded that Ms F was aware of the loan funds crediting her account but didn't take steps to verify the transaction before allowing the funds to be sent on (albeit under false pretences). As such she remained liable to pay back the capital sum. But as Ms F didn't enter into the loan agreement knowingly and didn't benefit personally from the funds, the investigator didn't think BetterBorrow should hold her liable for the interest and charges associated with the loan. They also asked the lender to remove any adverse information relating to the loan from Ms F's credit file.

Ms F disagreed with the investigator's findings as she didn't think she should be held liable to repay the capital sum. BetterBorrow didn't reply.

While the complaint was awaiting an ombudsman's decision, BetterBorrow notified Ms F that due to continual arrears it had sold the loan to a third party, who was now the owner of the debt.

Following the complaint being passed to me, our investigator contacted BetterBorrow and it confirmed that no payments have been made to the loan since it was taken out and it was sold to a third party earlier this year. BetterBorrow also said that although it hadn't actioned the investigator's recommendations – it understood that Ms F didn't agree and so the case was awaiting a final decision – it agrees to remove fees and interest from the loan and to remove any record of the loan from Ms F's credit file. It explained that it would need to buy the loan back from the third party to do this.

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'd like to start by thanking the parties for their patience while awaiting an ombudsman's decision on this case.

I'm sorry to learn that this incident has had a lasting impact on Ms F's health. Falling victim to a scam can be distressing and have significant emotional consequences. I'd like to reassure all parties that although not everything that's happened or has been argued is mentioned in the background to this complaint. I have considered everything that's been submitted in its entirety.

Having done so, I've decided to uphold this complaint in part as although I don't think it's unfair or unreasonable that Ms F remains liable to repay the principal sum borrowed, in the circumstances of what happened here I think it's appropriate that BetterBorrow doesn't add any interest or charge any fees associated with the loan. I'll explain why.

Section 83 of the Consumer Credit Act (CCA) 1974 sets out that a person won't be held liable for a debt if it was taken out by another person who wasn't acting as their agent. So, I've considered the extent to which Ms F was involved in the loan application with BetterBorrow, and whether she ought reasonably to have known that she had received the proceeds of a loan into her account.

From what I've seen, I accept it's more likely than not that Ms F didn't complete the loan application herself; it could have been completed by the scammer when she gave them remote access to her device and shared personal information. But that doesn't mean Ms F can't fairly or reasonably be held liable to repay it if the evidence shows that, on balance, she knew that finance was being taken out on her behalf, and if she knowingly received and utilised the funds. In other words, the scammer acted as her agent.

The application information shows that the loan was applied for using Ms F's personal details. BetterBorrow states it carried out an electronic credit reference check based on the details submitted and there were no concerning factors. So, the loan was approved.

I note Ms F has recently told our service that the scammer created the email address that was used for the loan application, and she didn't have access to it. But the email address provided is the same one Ms F used to correspond with BetterBorrow when she reported the scam a few days later. As such, I'm satisfied that Ms F would have received loan correspondence that BetterBorrow has shown it sent to that email address when processing her application and once the loan was approved.

I've also noted that when the loan funds were paid into Ms F's account with N, the transaction reference on her statement said 'BetterBorrow Loan'. I can see that Ms F was aware of the funds in her account, given her chat correspondence with the scammer shows she told them about the money being credited. While I appreciate that Ms F doesn't recall noticing it, I find that the transaction reference makes it sufficiently clear that the funds had come from a lender. In other words, a loan had been paid into her account.

Also, from what Ms F has told us she was aware that the money was going to be transferred out of her account. Her chat correspondence with the scammer suggests that they had control of her account with N, and she was aware of that fact. Given the wide-ranging access Ms F had given to the scammer, on balance, I'm satisfied that she was also aware that the funds were being passed through her account.

So, although Ms F hasn't received any 'real' benefit from it, I'm satisfied that she ought to have been aware that a loan had been taken out in her name and had some form of involvement in the application process. I also find it unlikely that the loan funds were moved out of her account with N without her knowledge.

BetterBorrow entered into this agreement in good faith with no reason to doubt it was applied for by Ms F – bearing in mind the funds were paid into her own, genuine account. In the circumstances, I think it's fair that Ms F pays back the principal sum. But I'm mindful that she fell victim to a cruel and manipulative scam. Given the specific circumstances in which the lending occurred, I think it's also fair that no interest or charges are payable on the loan. For the same reason, I also consider it reasonable that any adverse information recorded on Ms F's credit file in relation to the loan is removed.

BetterBorrow has already agreed to remove interest and charges from the amount Ms F needs to pay back. It has also offered to remove any record of the loan from her credit file – more than what the investigator and I think it needs to do.

I do appreciate that Ms F has been left with a substantial loss due to this scam. That may have left her in a financial position where she might struggle to repay the lending. If so, I would urge Ms F to discuss her circumstances with BetterBorrow. As a responsible lender, I would expect it to treat any financial hardship with forbearance and due consideration.

Putting things right

Ms F remains liable to pay back the principal sum of £10,000. But to put things right, Chetwood Financial Limited trading as BetterBorrow needs to ensure that any associated interest and charges that have been applied to the outstanding balance are removed. If any interest and charges have already been paid by Ms F, these will need to either be refunded along with simple interest at 8% per year from the date of payment to the date of settlement, or used to reduce the principal sum she needs to pay back.

Additionally, BetterBorrow should remove any adverse information recorded on Ms F's credit file in relation to this loan. It's up to BetterBorrow if it decides to go further and remove any record of the loan from her credit file.

My final decision

For the reasons given, my final decision is that I uphold this complaint in part. Chetwood Financial Limited trading as BetterBorrow needs to put things right for Ms F as I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms F to accept or

reject my decision before 4 June 2025.

Gagandeep Singh
Ombudsman