

The complaint

Mr A has complained Raylo Group Limited, trading as Raylo, is continuing to hold him liable for a hire agreement he didn't take out.

What happened

Mr A is being held liable for a hire agreement with Raylo for an iPad. This agreement was taken out in March 2022. Mr A has told Raylo, through phone calls, that he believes this agreement may have been taken out by his grandson. The email and phone contact details Raylo hold don't match Mr A's. Raylo wants Mr A at a minimum to pay the non-return fee of the disputed item, which amounts to £416.99.

Mr A is unhappy about having to pay this but did offer to pay £200 to Raylo. He brought his complaint to the ombudsman service.

Our investigator felt it was most likely this agreement had been taken out by someone else, rather than Mr A. Despite the item being delivered to Mr A's premises, she felt the evidence Mr A had provided had been consistent. She asked Raylo to write off the agreement in Mr A's name and take any reference to this agreement from his credit record.

Raylo objected to this and felt Mr A should have reported what had happened to the police. They also felt it was possible Mr A had provided his details for the hire agreement in part to facilitate his grandson having an iPad. They've asked an ombudsman to consider this 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.

Having done so, I've reached the same outcome as our investigator. I'll explain why.

In her view of 29 January 2024 our investigator explained the telephone evidence submitted to us by Raylo. This showed a number of calls between them and Mr A. During these he explained to Raylo that it was most likely the agreement had been taken out by his grandson, who lived with him at the time.

This matches the consistent evidence and testimony provided to us by Mr A. There have been other agreements taken out in Mr A's name and Mr A referred to these during his phone conversations with Raylo.

I appreciate that Raylo believe they did all the required checks when considering the application in Mr A's name. In fact, I don't dispute that. I agree I wouldn't expect them to turn down the application just because the email address was unlikely to be Mr A's – in fact the email address in all likelihood belongs to Mr A's grandson.

However, it's not enough for a lender to have undertaken sufficient checks if in fact the agreement was taken out fraudulently. If I believe this to be the case, I see no reason why

Mr A should be held liable for repayment, unless he has otherwise benefitted from the agreement.

I've seen nothing to suggest Mr A has benefitted from this agreement. Nor has Raylo suggested this.

Raylo provided us with detailed reasoning why they disagreed with our investigator. I've considered these. One of the main points is that Mr A should have notified the police about what happened.

Mr A confirmed to us in February, on receipt of the view in his favour, that he did in fact report the fraud to the police. But the police didn't believe Mr A was the victim so was unwilling to take any details. This, I assume, is because Mr A had made no payments towards the agreement and didn't intend to.

I would say two things to Raylo. Firstly, there is no requirement when we consider fraud cases for a customer to have taken something to the police. And, partly this is because – my second point – the police are loath to carry out any investigation into fraud cases like these where they may feel there is no obvious case of financial loss by the customer.

I am aware of Raylo's concerns here but I am satisfied Mr A didn't take out the hire agreement nor benefit from the iPad delivered to his premises.

Putting things right

As I don't believe Mr A took out the hire agreement, Raylo will need to write off the hire agreement taken out in his name. They will not be able to pursue him for any payment that they believe is due from non-return of the iPad, or any other related fees.

Raylo will also need to remove the hire agreement from Mr A's credit record.

My final decision

For the reasons given, my final decision is to instruct Raylo Group Limited, trading as Raylo, to:

- Write off the hire agreement in Mr A's name;
- Stop asking him to make any related payments towards this agreement; and
- Remove the hire agreement from Mr A's credit record.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 16 September 2024.

Sandra Quinn
Ombudsman