

The complaint

Miss T has complained Frasers Group Financial Services Limited, trading as Studio, is asking her to repay credit for an account she didn't take out.

What happened

In August 2023 Miss T received a statement from Studio informing her that her account was in arrears. Miss T hadn't taken out an account with Studio so complained to them.

Studio felt there wasn't any evidence to show this account had been taken out fraudulently so were asking Miss T to repay more than £250. Miss T brought her complaint to our service after also referring this to Action Fraud.

During this period, Studio sold Miss T's account, and the outstanding debt, to a third-party collection agency.

Our investigator noted a different email address and telephone number was used when this account was opened. She didn't believe Studio had enough evidence to show this account hadn't been taken out fraudulently. She asked them to cancel the account and remove all data related to this from Miss T's credit record.

On receipt of her copy of the view, Miss T noted the only item ordered by the disputed account was a pair of air pods. This was the first time she'd been made aware what was ordered on the disputed account. She'd had a pair of air pods delivered to her earlier in 2023 despite never having ordered them. She was willing to return these to Studio.

Our investigator asked Studio if they'd accept the return of the air pods. However, they wouldn't confirm that they'd remove reference to this account from Miss T's credit record.

This complaint has been referred to an ombudsman for decision.

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.

I've reviewed the application made for credit with Studio in January 2023. All the details – except the email address and phone number – match those of Miss T.

I note that statements were only to be sent by email for this account. It was only when the account fell into arrears and Studio started sending out account statements to Miss T's home address in August that she became aware she'd been a victim of fraud.

Miss T told us – immediately on receipt of our investigator's view – that she'd received a copy of air pods by post many months earlier but without any indication where they'd come from or whom, she'd done nothing with them. She was more than happy to return these as

she'd never opened or used them.

The evidence supports Miss T only knowing about the account in August 2023 and the item purchased on this account in May 2024.

It is odd for a fraudster to open an account and then not get to have the items they ordered for further disposal. Studio notes air pods are a "*known fraud item*". These were ordered at the time the account was opened in January 2023. Studio has confirmed these were sent out much later, in March 2023, so accept that it was unlikely that the fraudster would have stuck around to try and intercept their delivery when they were unable to be delivered for nearly two months after the account was opened.

If as Miss T has stated, she has retained the air pods unopened and unused, then I think it's extremely unlikely she ever opened this account and ordered these. I don't believe it's feasible this is a case of first party fraud. I see no reason why she'd have been using a different email address and phone number to open this account either.

As I believe Miss T has been the victim of fraud and Studio will need to take the appropriate steps to sort this out.

Miss T has agreed to return the air pods to Studio, so they'll need to contact her and provide her with means to return them free of charge. They will also need to write off the account in her name, stop asking her to make any payments, ensure the third-party collection agent is updated with these developments and remove all data relating to this account from her credit record. I should confirm that writing off the account and stop asking Miss T to make payments is not contingent on the air pods being returned to Studio.

My final decision

For the reasons given, my final decision is to instruct Frasers Group Financial Services Limited, trading as Studio, to:

- write off the account in Miss T's name;
- stop asking her to make any payments;
- ensure the third-party collection agent is updated with these developments; and
- remove all data relating to this account from Miss T's credit record.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss T to accept or reject my decision before 24 September 2024.

Sandra Quinn
Ombudsman