The complaint

Miss H has complained National Westminster Bank plc is holding her liable for a personal loan that was taken out fraudulently.

What happened

In early 2023 Miss H went to a party locally. She met a couple of blokes and was encouraged to help them out when they wanted to use her account for transferring some money from a car purchase.

Miss H gave them her debit card details and the next thing she realised was money being paid into her account. Over 10 days four amounts of money were deposited in her account.

On 21 February, £4,000 was deposited from a loan company, Z. A day later £18,000 was paid into Miss H's bank account by NatWest. On 28 February a further £4,000 was deposited from another loan company, L. On 3 March a third loan company, A, paid £7,000 to Miss H.

Miss H made various large payments out of her bank account to the individuals she'd met. There were also large cash withdrawals over a period of days and some additional spending.

Miss H complained to NatWest that she'd never taken out the loan. She believed this had been when she allowed the people she'd met to use her bank account. She realised she'd been duped. She'd also complained to Action Fraud that the individuals she'd met had threatened her in her home town, and she'd had to give them cash from her account as well.

NatWest told Miss H they were concerned about two versions of the story she'd told them. They'd also spoken to Miss H during the time she was making mobile and online banking payments as they intervened to check she was making these payments and why. They believed she should be liable for the loan repayments. Miss H brought her complaint to the ombudsman service. She also provided snapshots from her social media accounts showing individuals threatening her and taking advantage of her situation.

Our investigator reviewed what had happened. She believed the evidence from Miss H did indicate that she hadn't made the bank loans. However the evidence of calls and discussions between NatWest and Miss H as she made transfers and withdrew cash also suggested she had plenty of opportunity to tell NatWest what was going on. The investigator asked NatWest to remove interest and charges from the loan, remove negative data from Miss H's credit record and agree a suitable repayment plan for the outstanding loan.

Miss H has asked an ombudsman to consider her complaint.

NatWest noted that any request to remove negative data would result in all loan data being removed from Miss H's credit record.

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.

There's no doubt Miss H was duped into giving individuals her account details. She thought she would be getting payments from them which she'd then transfer to their accounts. I think, however, as Miss H provided us with screenshots from her account, that it would have been clear to her quite quickly that the total of £33,000 paid into her account were from loans.

The loans all seem to have her email attached. The letter from NatWest dated 22 February 2023 was sent to Miss H's address so it's difficult to see how Miss H wouldn't have noticed this was a loan. I accept, however, that she may have quickly become worried about what had occurred but continued to pay out money to the individuals who'd involved her in a scam.

I believe this was a scam as the fraudsters appear to have used a specific third party as their credit broker to provide distance between themselves, Miss H and the loan companies.

What is difficult to judge is how involved Miss H was in this. However based on the information I've been able to get from her bank statements, the evidence provided to us by Miss H and that given by NatWest, I note:

- It's more than likely Miss H didn't apply for the loan with NatWest. However I do believe she will have been aware of it as the funds hit her account. Particularly as the loan with NatWest was for such an exceptionally high amount - £18,000.

- The spending on Miss H's account do show her, I believe, benefitting from the loan credits. Whilst payments were made to the fraudsters – which I believe she was under duress to do despite her concerns that these were loan funds – the money left in her account on 7 March is £3,000 higher than it was before any loan money was paid in. As far as I can tell during this period, Miss H wasn't working or receiving any regular income apart from benefits.

- There were a series of high amounts of cash withdrawals in May totalling £1,250. I suspect this was when Miss H was further bullied as confirmed in her testimony on her other complaints.

- NatWest assessed Miss H as able to repay a loan of £18,000.

- I do accept Miss H got herself involved in something that all turned nasty. She felt threatened and was concerned for her elderly parents. I don't dispute what her social media feed shows.

I am concerned at the impact this must all be having on Miss H. She's now being held liable for £33,000 in personal loans and I don't see any immediate chance of her being able to repay these.

I've also reviewed the numerous payments made from Miss H's NatWest account from 21 February to 3 March. I was concerned whether NatWest should have intervened and taken action to protect Miss H from the scam that was taking place. However as stated above, NatWest did undertake additional security checks. At least three payments were subject to further checks, as well as the high-value cash withdrawals undertaken in branch.

I've listened to phone calls between Miss H and NatWest. There's at least one payment when she confirmed the payment wasn't hers, so I have to wonder why she didn't use this opportunity to tell NatWest what was going on. This does suggest she made and authorised the other payments.

Putting things right

Like our investigator I am going to ask NatWest to take action.

They need to only require Miss H to repay the capital amount of £18,000 rather than any interest and charges due on the loan as well. I believe this is a fair resolution based on what I know about the loans and the money remaining in Miss H's account.

As I confirmed I don't believe Miss H took out this loan, it wouldn't be fair for the negative data to remain on her credit record. I note what NatWest has said and their concerns that removing all data – as they will now need to do – will mean further lenders will misunderstand Miss H's financial position.

Miss H is in a perilous financial situation as she's going to have to repay £33,000 in total so NatWest will need to take this into account and agree a suitable repayment plan with her.

My final decision

For the reasons given, my final decision is to instruct National Westminster Bank plc to:

- require Miss H to only repay £18,000 in total for the loan applied in her name on 22 February 2023;
- write off all interest and charges related to this loan;
- remove all negative data related to this loan from Miss H's credit record; and
- agree a suitable repayment plan with Miss H.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss H to accept or reject my decision before 23 August 2024.

Sandra Quinn
Ombudsman