

The complaint

Mr M complains about the balance of a catalogue account with Frasers Group Financial Services Limited trading as Studio, which he says was opened in his name without his authority.

What happened

In December 2022, a catalogue account was opened with Studio in Mr M's name. Around a week later, the account was used to order a computer games console. To pay for the console, Studio offered to accept payments spread out over a three month period.

Studio say that the account holder called them after the order, to check on the delivery date. They also say the console was delivered to Mr M's home address a few days after it was ordered.

Over the next few months, Studio sent account statements to Mr M and a part payment was made towards the outstanding balance. Mr M says he received some letters from Studio, but he says he thought them to be a scam, so ignored the content.

However, in July 2023 Studio sent Mr M a notice of arrears, because the account hadn't received any further payments. Mr M says a family member had told him to find out if the letters from Studio were genuine. Shortly after contacting Studio, Mr M says he realised that he'd been the victim of fraud and that a third party had used his personal details to open the catalogue account. So, he asked Studio to investigate his concerns and he also reported what had happened to the police.

Studio wrote to Mr M in September 2023 and said they didn't think the account was opened fraudulently. They said Mr M's home address and date of birth were used during the application and that the console was delivered to his house. Studio also said that a payment had been made towards the balance of the account.

Furthermore, Studio noted that they had sent several letters to Mr M and that it took him several months for him to raise his concerns. Mr M didn't agree with Studio's response and brought his complaint to our service.

One of our investigators looked into Mr M's case and found that Studio had treated Mr M fairly. He thought that on balance, the contact with Studio before the delivery, the delivery itself and the correspondence sent to Mr M, meant that Mr M was aware of the catalogue account.

The investigator also thought the part payment to the account and the time it took Mr M to report his concerns, meant it was likely that Mr M had given his authority or apparent authority for the account to be opened by Studio. So, the investigator concluded that it was fair for Studio to hold Mr M responsible for the repayment of the outstanding balance.

Mr M didn't accept the investigator's findings and said Studio didn't have any evidence to say the console was delivered, or that he had authorised the opening of the account. He also

said the telephone number and email address on Studio's records were not his and Studio should have raised concerns when the part payment was made from a third party's bank account.

The investigator didn't change his conclusions and now Mr M's complaint has been passed to me to make a final 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.

Firstly, I'd like Mr M to know that I'm sorry to hear of the difficult personal circumstances he has told us about. It can't have been easy for Mr M over the last couple of years.

I also want to point out that where the evidence is incomplete or inconclusive, I reach my decision on the balance of probabilities. In other words, what I consider is most likely to have happened in the light of the available evidence and the wider circumstances.

The crux of Mr M's complaint is that Studio have asked him to pay off a debt in relation to a credit agreement for running account credit. Our service is able to consider complaints relating to these sorts of agreements. So, I've gone on to think about the evidence submitted by all the parties.

On the one hand, I can understand Studio's position that even if Mr M didn't set up the account himself, he ought to have known about it shortly afterwards. This is because they say they sent a welcome letter to Mr M and because goods costing around £470, were ordered in the days that followed. Studio also added the account to Mr M's credit file, and they sent him monthly statements.

But on the other hand, Mr M has told us he didn't realise the account was on his credit file and he assumed the letters he received from Studio were a scam. Furthermore, Mr M says it was quite possible for someone to have known the personal details needed, to be able to open an account. He also says there isn't any evidence of the delivery to his address.

I need to consider whether Mr M gave his actual or apparent authority to open the catalogue account on his behalf. So, I've looked at the evidence both sides have sent us, to decide if it's fair for Studio to hold Mr M responsible for the outstanding balance of the account.

The application and the correspondence sent to Mr M

The application for the catalogue account with Studio was completed online. I can see from Studio's records where the correct postal address and date of birth was used. Studio say they completed checks with credit reference agencies to verify these details. However, Mr M says that other details from the application, such as an email address and a telephone number did not belong to him.

While I agree that Studio looked to verify the personal details of the account holder, I don't think this information shows either way if Mr M had opened the account himself. Consequently, I've thought about the other circumstances of Mr M's case to help decide if Studio have treated him fairly.

Studio have provided us with a copy of the welcome letter they sent to Mr M's home address in December 2022. They have also sent us a copy of the letters they regularly posted to Mr M from January 2023 onwards. I can see that all the different correspondence uses

Mr M's name and his correct address. Mr M has also confirmed that he received some correspondence from Studio around this time.

I acknowledge where Mr M says he assumed the post he received from Studio was a scam. But, the letters sent to Mr M told of a balance due to be paid and an item ordered from an account costing around £470. And I can see where Studio frequently sent account information to Mr M, over a period of around eight months.

Overall, I'm persuaded that the type and frequency of correspondence may have caused Mr M to raise his concerns with Studio, if he hadn't given his authority for the account to be opened. However, Mr M says he first queried the catalogue account with Studio in July 2023. I think the timeframe for Mr M to raise his concerns is important. I say this because it shows a period of awareness and recognition that the account existed for around eight months. So, I've gone on to think about the operation of the catalogue account and how it was maintained.

The ordering of the computer games console and payment plan

Studio's records show where the computer games console was ordered in early January 2023. Shortly after the order was placed, I can see that a telephone call was made to Studio to check on the delivery. Studio haven't been able to provide an audio recording of the call, so I haven't listened to what was said. But, I have seen the notes taken by the customer service agent and where Studio say the console was sent to Mr M's home address.

To support this, Studio say the first order, after an account is opened, is sent to a customer's billing address. I can see where the billing address for the account in Mr M's name matches with Mr M's postal address. Studio have shown where these details haven't ever changed on their system and there aren't any entries to show where the delivery may have been unsuccessful.

In light of the telephone call to check the delivery and where Studio have shown the postal details used in the order, I'm persuaded that Studio sent the console to Mr M's home address. I'm aware that Studio haven't got any evidence to show the item was then delivered. And I think this may have further supported their point of view. In the absence of that evidence, I've reviewed what happened after Studio asked Mr M for payment of the console.

I can see from Studio's letters to Mr M, that the payment of the console was planned to be spread over a three month period, starting in May 2023. Indeed, the statements show that the first payment was made on time and for the correct amount. I agree with the investigator's findings here, that the payment activity may not be indicative of a fraud. Especially when considering the level of information about the account and the transaction, sent to Mr M by Studio.

But, Mr M has shown us that the payment didn't come from an account in his name. Having looked at everything, I'm persuaded that the payment came from a third party. I'm aware Mr M says this should have prompted Studio to start a fraud investigation, or to suspend the account. However, I don't think the circumstances of the payment made in May 2023 would mean Studio had an obligation to do that. I've not seen where Studio had concerns about the account at that stage, or where the activity may have caused them to take any action.

In all the circumstances, I think the ordering of the console and the payment made in May 2023, add weight to Studio's view that the catalogue account was opened with Mr M's authority or apparent authority.

The report to Action Fraud

In their response to Mr M's complaint, Studio suggested that he should report what had happened to Action Fraud and the police. I can see where Mr M did this in September 2023 and subsequently asked Studio to revise their findings.

I think the steps taken by Mr M show that he took things very seriously and followed Studio's suggestion. I can also understand why he felt frustrated that Studio wouldn't change their stance on his complaint. But, in light of the evidence I've seen, I don't think they treated Mr M unfairly, by continuing to hold him responsible for the repayment of the balance of the account.

I also acknowledge where Studio sent some information Mr M had asked for, to the email address used to open the account. Mr M says this further proves the account and email address wasn't his, because he needed to pursue Studio for the information. While I can see this frustrated Mr M further, I've placed more weight on the other circumstances I've summarised.

Summary

Having considered all the evidence, I don't think Studio are acting unfairly by deciding that the most likely thing to have happened, is that Mr M gave his authority, or apparent authority for them to open the catalogue account. Therefore, I don't find I have the grounds to direct Studio to stop pursuing Mr M for the outstanding debt owed.

From what I've seen, it doesn't seem that Mr M has made any payments to Studio since the start of his complaint. So, it may be that a balance remains owed by Mr M. In this instance, I remind Studio of their responsibility to treat Mr M's current financial circumstances with due consideration and forbearance. This will mean working with Mr M to make sure he is able to make affordable repayments to any outstanding debt, if he's unable to make a lump sum payment.

My final decision

My final decision is that I don't uphold Mr M's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 10 April 2025.

Sam Wedderburn
Ombudsman