

The complaint

Mr E complains that a loan in his name was taken out without his permission with Madison CF UK Limited trading as 118 118 Money.

What happened

Mr E says he had a friend who I'll refer to as P. Mr E has said that P had associates who Mr E was aware had been involved with criminal activity and he felt intimidated by them.

Mr E says in 2020, P and P's associates needed an address for a vehicle to be delivered to and Mr E agreed for his mum's address to be used. When Mr E was meeting P, P's acquaintances got inside of Mr E's vehicle and took pictures of his debit card and told him he'd need to answer various questions over the phone and would be contacted with links to various websites.

In November 2020 a vehicle was delivered to Mr E's mum's address which he subsequently gave to one of P's acquaintances. At this point he was told he'd receive £5,000 and that £3,000 would need to be withdrawn in cash but he could keep the remainder.

It wasn't until the beginning of 2021 Mr E was persued by 118 118 Money and he says he realised what had happened. He uncovered a number of loans had been taken out in his name.

In August 2021 Mr E was arrested on suspicion of theft of a motor vehicle as it appeared Mr E had taken out a finance agreement for a vehicle and payments hadn't been made and the company in question couldn't locate the vehicle. However, Mr E told police he was the victim of identity theft and this had come about as a result of his involvement with P. The police were unable to take any further action based on the evidence they had.

Mr E raised a complaint with 118 118 Money who said there wasn't enough evidence to conclusively prove the application was fraudulent so they didn't uphold Mr E's complaint. Unhappy with this outcome, Mr E referred his complaint to our service.

Our investigator didn't uphold the complaint either. He said he'd seen various emails and text messages 118 118 Money had sent and although these didn't match the details Mr E told our service he uses, he noted that the direct debit mandate matched Mr E's genuine bank account details.

Our investigator noted the loan funds of £5,000 had credited Mr E's bank account and although a withdrawal of £3,000 had taken place – which Mr E says he had to give to P's acquaintances, he also told the police he'd kept the remaining £2,000 and spent it on day to day purchases.

Our investigator said Mr E had accessed his online banking before and after the loan funds were paid in so he was satisfied Mr E was aware of what was happening. And he noted payments were made in and out of his account which appeared to be using online banking

which Mr E said he had and no one else knew the credentials, so he was satisfied Mr E had made those payments.

Having looked at Mr E's account statements our investigator noted that when the direct debit for the loan fell due Mr E seemed to receive money into the account for similar amounts to the direct debit, and that these came from the person Mr E had named as organising the loan.

Mr E disagreed. In summary he said he didn't realise it was the loan funds that had been paid into his account and it's only now he understands he was told to keep £2,000 for himself from the loan.

He accepts he gave out the various pieces of information about himself but was unaware of the loan itself and felt scared and pressured. He denied making any payments stating P's acquaintances sent money back to his account (although he accepted he'd benefitted from the £2,000).

Mr E added he shouldn't be held liable for the loan as he didn't sign the agreement and 118 118 Money didn't check his circumstances as this would have been unaffordable for him.

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 am sorry to hear about how this complaint has impacted Mr E mentally and physically. This has no doubt been a difficult time for him. I have looked at the evidence that both Mr E and 118 118 Money have provided to our service. But taking everything into account, I do not uphold this complaint, and I'll explain why.

I can see that the loan was applied for on 26 October 2020 for an amount of £5,000 (£9,622.32 including interest) to be repaid over the period of 24 months, with the monthly installments totalling just over £400. The loan application was made online.

It seems all the documents in relation to the loan were sent via email and to an email address which doesn't appear to belong to Mr E, based on the email addresses he's told us he's previously used and currently uses. So it is possible that Mr E may not have seen all of these documents at the time the loan was taken out if P's acquaintances were the ones arranging the loan application.

I can see that 118 118 Money sent an email containing a link for Mr E to sign the loan agreement in order for it to proceed. 118 118 Money have told me a PIN number would be required for this part of the process and would be sent to the registered mobile number. However, it also seems the mobile phone number used on the loan application doesn't match the numbers Mr E has told us he's previously used. So I accept Mr E may not have seen the PIN either.

I've noted some of Mr E's genuine details were used in the application form to 118 118 Money but I realise Mr E gave over his personal details to P's acquaintances as he said he was frightened. Given the main details matched I can see why 118 118 Money processed the loan (although I will refer to the affordability of the loan later in my decision).

The loan funds of £5,000 credited a bank account that Mr E has confirmed he genuinely holds and which we've seen statements of. I can see the loan funds credited his account on 29 October 2020 and the entry on the statements says "Bank credit Madison CF UK LTD".

Had Mr E looked at his statements I think it would have been clear that he received funds from a source he says he knew nothing about and this would have been a good time for him to raise his concerns.

The statements also show there was a cash withdrawal for £3,000 on 29 October which Mr E says he was asked to make by P's associates. So I think at this point Mr E would have been on notice something untoward was happening especially given what he's said about the way he says he was ambushed and that his details were taken without his consent. And he would have been on notice there were extra funds in his account – something which he says he knew nothing about. So again, he could have raised his concerns but he didn't do so.

Although Mr E has said he was frightened of P's associates, it seems to me that as Mr E was told he could keep the remaining funds this may have been a reason as to why he didn't flag his concerns. I appreciate he's said P's associates timed this payment for when he took receipt of a vehicle but I don't think it was reasonable for Mr E not to act on this when, as explained above, he knew something was happening that didn't make sense to him, and he was clearly aware funds had been received. It is also clear Mr E has at least partly benefited from the loan funds as he was able to keep £2,000.

Our investigator said some of the payments out of Mr E's bank account appear to have been made using online banking facilities and Mr E has told us he didn't divulge any of his security credentials so our investigator concluded it must have been Mr E that made these payments. And this further supports Mr E being aware of the payments into and out of his account. I don't have the internal records from Mr E's bank provider to confirm whether these payments were made online. However, I think even without this the statements do show Mr E would have been aware of what was happening. I'll explain why.

I can see from Mr E's bank statements there were lots of Apple Pay and contactless transactions which Mr E doesn't appear to have disputed so it's clear he's been using the account for genuine expenditure following the loan credit from 118 118 Money. And as explained above, there was also the cash withdrawal. So this casts further doubt over Mr E's testimony that he had no idea what was happening with his account, and shows he had ample opportunity to have a look at his account activity and raise his concerns but failed to do so.

Mr E's bank statements shows large payments going into his bank account following the loan payment. For example on 31 October Mr E received credits for £1,000, £200, £1,200 and £1,800. And I can see on the same day two large debits take place for £1,000 and £1,800 – all of which seems unusual activity for his account prior to the loan.

I can also see that some of the credits Mr E received have P's name on them, and that various payments refer to vehicles. So it's possible that some of the loan provided by 118 118 Money has been repaid by P or their acquaintances rather than Mr E.

When our service recently asked Mr E about these payments he said all large payments to and from his bank account were carried out by P and their associates as they had his card details. I've noticed he initially said P's acquaintances took photos of his debit card when they ambushed him, but he's subsequently said he sent them pictures of his card so there seems to be some inconsistency here in Mr E's version of events. But either way Mr E seems to have provided P and their acquaintances with his sensitive information which has allowed the transactions to take place.

Although Mr E has said he didn't know what was happening with his account, he's also explained that because payments were credited in to his account he never raised his

concerns, even though he knew something was wrong. And it was only at a later date he realised these payments were in relation to other loans that had been taken out in his name.

But I find it difficult to understand how Mr E didn't realise what was happening as the descriptions on his bank statements clearly show the loan funds being received, and some transactions have P's name and references to other vehicles.

In addition to this, Mr E said he knew something was wrong so I'm at a loss as to why Mr E didn't act sooner. As the account holder it would have been Mr E's responsibility to flag his concerns as soon as possible. But he allowed the loan to credit his account and then continued to allow credits and debits to take place, so if there have been any losses I don't think Mr E has mitigated these.

Having looked at the direct debit mandate I can see the bank details provided matched Mr E's genuine account and was used to make repayments towards the loan. I can see the first direct debit to debit his bank account was on 1 December 2020 for £398.55. And on the same day P had credited his account with £600. This also seems to be the case with other payments that fell due. Again, this was another chance for Mr E to question what was happening with his account and why a payment to 118 118 Money was being requested and paid from his account, but again, Mr E appears to have taken no action.

Mr E says he only became aware of the loan in 2021 when 118 118 Money had written to him at his mum's address. I can see from at least February 2021 118 118 Money wrote to Mr E to explain he was behind with his loan repayments. This was followed up with a default notice in March 2021 as the arrears stood at around £1,195.65. 118 118 Money say the first time they had contact from Mr E was in December 2023 so it's unclear why Mr E left it such a long time. But in any event and for the reasons I've explained above, I think Mr E was on notice much sooner than this and at the point the loan was taken but allowed for this to continue.

In conclusion I think it's clear Mr E allowed P's associates access to his sensitive information and should have been aware of what was happening especially once he received credits into his account from 118 118 Money. He gave some of the loan funds to P's associates and admits he spent the remaining funds himself as he was out of work. So this demonstrates he was aware of the loan funds being paid into his account. Mr E also received further credits from P and their acquaintances so it seems Mr E has at least partly benefited from the loan.

Mr E was also using his account for genuine spending so I think he was aware of what was going on- particularly as he received large credits into the account. And he's also admitted he knew something wasn't right. If he really wasn't in agreement with the loan he should have flagged this with 118 118 Money much sooner than he did. For this reason I don't think 118 118 Money is acting unfairly in holding him liable to repay the loan.

I realise this won't be the outcome Mr E was hoping for but I hope my explanation has been useful in explaining why I don't think 118 118 Money needs to do anything in response to Mr E's claim that the loan was taken out fraudulently.

Unaffordable lending

Mr E has said the loan shouldn't have been granted because he couldn't have afforded the repayments.

But it doesn't seem as though Mr E has raised these concerns with 118 118 Money so he'd need to contact them in the first instance to discuss a complaint about unaffordable lending. If he then remained unhappy, he could ask our service to look into that issue too.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E to accept or reject my decision before 29 November 2024.

Marie Camenzuli
Ombudsman