

The complaint

Mr B complains that Brent Shrine Credit Union Limited trading as My Community Bank ("My Community Bank") is holding him liable for the debt on a loan which he says he neither applied for nor consented to.

What happened

The background to this complaint is well known to both parties, so I won't repeat everything here. In brief summary, in January 2023 a £20,000 loan was taken out with My Community Bank in Mr B's name. Mr B subsequently got in touch with My Community Bank to let it know he hadn't applied for the loan. My Community Bank investigated things and ultimately couldn't reach agreement with Mr B, so he referred his complaint about My Community Bank to us. As an Investigator here couldn't resolve the matter informally, the case has been passed to me for a 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.

First let me clarify exactly what this decision is about. I'm aware that Mr B has also complained that My Community Bank lent irresponsibly to him; but this is being looked at by our service as a separate case. In this decision here, I'll only be addressing Mr B's complaint that My Community Bank is holding him liable for the debt on a loan which he says he neither applied for nor consented to.

I've considered everything Mr B has said about how the loan was taken out and the loan funds lost as a result of fraud. But My Community Bank acted only as a lender here, granting the £20,000 loan and paying it into Mr B's account with a third-party bank, "Bank M". So, the first question here is: did Mr B enter into this loan agreement, or was it done without his knowledge and/or consent as he alleges?

Having considered this carefully, I'm persuaded it's most likely the loan was taken out in Mr B's name with his knowledge and consent at the time, and he therefore did enter into the loan agreement.

I don't take this decision lightly and I've considered everything Mr B has said, including that a third party, "Person J", tricked him into thinking they'd help him learn trading and that they (Person J) would effectively lend him £5,000 to get started; but Person J explained that because they'd be putting their £5,000 in accounts in Mr B's name, they'd need some protection such as access to Mr B's ClearScore, bank and crypto logins. So, Mr B says, he provided these to Person J, and he wasn't concerned about providing his login for Bank M because he had no money in there so he didn't think there was any risk. But I don't think what Mr B has said about how everything happened is most likely accurate or reliable. I say this because:

- The loan funds credited Mr B's account with Bank M on 25 January 2023. Account statements show they were then spent from Mr B's account by way of 24 payments out to a payee I'll call "B" between 25 and 27 January 2023. The account statements also show that further payments were made to B between 28 January and 6 February 2023.
- Mr B has said he didn't login or view his account with Bank M at this time because Person J told him not to, and that he therefore didn't see the loan funds or them being spent until it was too late. However, Bank M has provided information from which I'm satisfied that Mr B's mobile banking with Bank M was logged into from Mr B's usual device during the relevant period; and that whilst a different device was used for a period of just over half an hour on 25 January 2023, this device would have needed to have been verified. Bearing in mind Mr B would have had control of his usual device, I'm satisfied from the information that the payments that spent the loan funds could only have been spent with Mr B's knowledge and consent. The fact that Mr B has said that Person J did all of this isn't therefore plausible, and I'm not persuaded his testimony can therefore be relied on.
- I'm also mindful that Mr B has said he gave his ClearScore details to Person J. And bearing in mind the login information provided by Bank M, I'm satisfied Mr B had access to his account information with Bank M and could have seen the loan funds received were marked as from "Brent Shrine Credit Union Limited" and therefore would have had the opportunity to return these funds.
- I can also see from information provided by My Community Bank that on 25 January 2023, after it received the loan application but before it disbursed the loan funds, it emailed Mr B asking him for some documentation in order to complete the application. The email address this request was sent to was the same one Mr B has used to access our service. Mr B has said he wasn't aware of emails about the loan until it was too late, and so Person J must have had access to his email by guessing the password which he said wouldn't have been difficult. But this, to my mind, is another reason that causes me concern in this case.

I've considered everything Mr B has said but overall I'm persuaded it's most likely that Mr B's testimony isn't accurate and that it's most likely the loan was taken out in Mr B's name with his knowledge and consent at the time, and he therefore did enter into the loan agreement. Bearing in mind what I've said, I don't think it's unfair for My Community Bank to hold Mr B responsible for the loan, and I don't uphold this complaint.

My final decision

For the reasons explained, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 7 January 2025.

Neil Bridge
Ombudsman