

## The complaint

Mr W complains that Admiral Financial Services Limited trading as Admiral Loans ("Admiral Loans") is unfairly holding him liable for a loan which he says he neither applied for nor consented to.

## What happened

On 16 October 2024 I issued my provisional decision on this complaint. I wanted to give the parties a chance to respond before I issued my final decision. That provisional decision forms part of this final decision and is copied below.

*"The background to this complaint is well known to both parties, so I won't repeat everything here. In brief summary, in May 2023 a loan was taken out with Admiral Loans in Mr W's name for £5,000. Mr W subsequently got in touch with Admiral Loans to let it know he hadn't applied for the loan. Admiral Loans investigated things and ultimately couldn't reach agreement with Mr W, so he referred his complaint about Admiral Loans 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 provisionally 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'm minded to uphold this complaint. I'll explain why.*

*The first question is: did Mr W enter into this loan agreement, or was it done without his knowledge and consent as he alleges? Having considered this carefully, I think it's most likely the loan was applied for in Mr W's name without his knowledge and consent, and he therefore did not enter into the loan agreement. I say this because:*

- It's clear something untoward went on here. The loan was applied for on 10 May 2023. Admiral Loans had telephone conversations on 10 and 12 May 2023 (in between the loan being applied for and it being disbursed) with callers purporting to be Mr W; but having listened to recordings of these calls, I'm satisfied they likely weren't Mr W. The recording of the 12 May 2023 conversation indicates the caller didn't have access to the email account Admiral Loans had sent the "loan approved" email to. And it seems to me that – unless Mr W, himself, was colluding with these callers to trick Admiral Loans – these callers were likely fraudsters calling to check first that the loan was approved and second when it would be disbursed.*
- The loan funds of £5,000 landed in Mr W's account with his bank "H" on 15 May 2023. Mr W moved these funds straight on that same day to a third party. And Mr W has provided a copy of a police report showing that on 18 May 2023 police attended his property responding to alleged "blackmail" and "threats": the police report noted that a loan had been taken out in Mr W's name and that Mr W had been*

*threatened into sending the loan money to a third party; the incident was taken seriously such that it appears the property was then patrolled periodically.*

- Initially Admiral Loans erroneously said that a third party would have needed access to Mr W's email to sign for the loan, so a third party couldn't have done this without Mr W's knowledge and consent. But this wasn't correct at all: Admiral Loans has since clarified that, in actual fact, no such access to Mr W's email or phone would have been needed; instead, the loan application was signed shortly after it was approved, and this was done as part of the online application journey, and not through its portal or any communication sent to Mr W. This means that if the third party had sufficient information to complete the application, they would have been able to have the loan approved without Mr W's prior knowledge and consent, as he has alleged happened*
- Mr W has said that he'd previously lent the third party £50 in March 2023, and that in May 2023 they asked for his bank details and a copy of his passport so they could return it. It's self-evident why they would have requested Mr W's bank details, and I understand Mr W has said his passport was also requested because the third party led him to believe they'd be returning the money through Western Union. As we know, it took more information than this to be able to take out the loan with Admiral Loans. But as has been previously disputed between Mr W and Admiral Loans, the information on the loan application was not exactly perfectly accurate, and in any event, it's not difficult to imagine how the third party might have circumnavigated this stage given Admiral Loans' admission not all this information was checked. And overall, I'm persuaded that Mr W is telling the material truth here – that he never agreed to take out the loan with Admiral Loans, and that when the loan funds landed in his account he was threatened into sending the money on to the fraudsters.*
- I've thought carefully about everything Admiral Loans has said about this. It's referred to a Snapchat profile screenshot indicating the fraudsters may have been advertising a scheme whereby loans could be taken out but would get cleared. But this screenshot appears to have been taken on 18 May 2023. I'm doubtful Mr W would have involved his parents or shared this screenshot with Admiral Loans or us if he was really in on a scheme to defraud Admiral Loans out of the loan funds. Nor do I think, if that were the case, it is likely that things would have escalated as they did, with very serious threats to Mr W and police involvement involving Mr W's home being patrolled. Instead, it looks to me like Mr W was simply in touch with an old school acquaintance on Snapchat, who set up a situation whereby they could get the loan in Mr W's name without his knowledge and consent, and then threaten him, once the funds landed in Mr W's account, to obtain the funds. I also don't think Mr W's text to his mum on 18 May 2023 indicates he consented to the loan.*

*Since I'm satisfied Mr W most likely didn't apply for or agree to this loan, I don't think it would be fair for Admiral Loans to hold him to the terms of the loan agreement he never consented to. So, Admiral Loans shouldn't hold Mr W liable for interest and charges, neither should there be a record of the loan on Mr W's credit file – so if there currently is, this should be removed.*

*However, I'm also satisfied in this case that it wouldn't be fair for Admiral Loans to pursue Mr W for the outstanding loan funds. I say this because I'm not persuaded Mr W benefited from the loan funds. Instead, it seems to me that he was threatened into sending the money on to fraudsters. And whilst this ordinarily might not have been Admiral Loans' fault, in this particular case Admiral Loans has accepted that it failed to lend responsibly in this instance: in its final response letter to Mr W dated 19 July 2023, it said it was upholding Mr W's*

*complaint in relation to the verification checks completed prior to accepting the loan application, and it said that it believed further verification checks, such as requesting Mr W's bank statements prior to accepting the loan, likely would have resulted in the loan not being granted. So I think in the individual circumstances of this case, we have failings from Admiral Loans, but for which, Mr W would not have been put in the position he was. So I think it's fair for Admiral Loans to write off the loan and not pursue Mr W for any repayment of the loan; and it should refund to Mr W any repayments he has already made to the loan (if any) plus interest at 8% simple per year from the date they were made to the date of settlement.*

*I also think it would be appropriate for Admiral Loans to pay Mr W £300 for distress and inconvenience it has in my view needlessly caused him. The root cause of things was the fraudsters themselves. But Admiral Loans, by its own admission, should never have lent the money, and I don't think it has acted fairly and reasonably in how it has dealt with this case.*

#### My provisional decision

*For the reasons explained, I'm minded to uphold this complaint and to direct Admiral Financial Services Limited trading as Admiral Loans to:*

- refund to Mr W any repayments he's already made to the loan (if any) and pay Mr W interest calculated at 8% simple per year from the date they were made to the date of settlement (if Admiral Loans deducts tax from this interest, it should provide Mr W with the appropriate tax deduction certificate); and*
- write off the loan and not pursue Mr W for any repayment of the loan; and*
- amend Mr W's credit file removing any information about the loan and searches; and*
- pay Mr W £300 for distress and inconvenience."*

Mr W responded to the provisional decision happy to accept it.

Admiral Loans responded and said it didn't agree with my provisional decision, but it would accept it, although it said it strongly objects to the £300 for distress and inconvenience as it doesn't think it has done anything wrong.

#### **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, and in the absence of any new evidence or arguments persuading me otherwise, I've reached the same conclusions as in my provisional decision and for the same reasons.

#### **My final decision**

For the reasons explained, I uphold this complaint and I require Admiral Financial Services Limited trading as Admiral Loans to:

- refund to Mr W any repayments he's already made to the loan (if any) and pay Mr W interest calculated at 8% simple per year from the date they were made to the date of settlement (if Admiral Loans deducts tax from this interest, it should provide Mr W with the appropriate tax deduction certificate); and
- write off the loan and not pursue Mr W for any repayment of the loan; and
- amend Mr W's credit file removing any information about the loan and searches; and

- pay Mr W £300 for distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 9 December 2024.

Neil Bridge  
**Ombudsman**