

Complaint

Mr P is unhappy that Quidie Limited allowed someone to take out a loan in his name.

Background

In September 2018, Mr P became the victim of fraud. A third party managed to take control of his bank account and, amongst other actions, applied for a £200 loan with Quidie using Mr P's personal details. His bank confirmed there had been fraud on his account and refunded his losses. This occurred in September 2018. Mr P presented evidence of the fraud to Quidie. He showed it that his current account provider had confirmed he was the victim of an account takeover. Despite this, Quidie continued to pursue him for repayment of the debt. In March 2019, Quidie sold the debt to a third-party debt collection agency.

Mr P was unhappy with how Quidie handled things and so he referred a complaint to this service. An Investigator reviewed the complaint and upheld it in part. She concluded that Mr P had not taken out the loan and recommended that Quidie correct Mr P's credit file to remove any record of the debt or missed payments. Quidie agreed to this recommendation in February 2021 and so the case was closed.

Mr P has since contacted this service to request that the case be reopened on the basis that Quidie didn't do what it had promised to do back in 2021. As a result, the case has been passed to me to consider and come to a final decision.

Findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

When considering what is fair and reasonable, I'm also required to take into account: relevant law and regulations; regulatory rules, guidance and standards; codes of practice; and, where appropriate, what I consider to have been good industry practice at the relevant time.

The starting point here is that a customer who doesn't enter into a contract with a lender can't be expected to comply with the terms of that contract. The debt isn't theirs to repay. It follows that the customer shouldn't suffer the consequences of that loan being granted and then not repaid, such as enforcement action and adverse information being reported to credit reference agencies (CRAs).

Having reviewed the evidence, I find it shows that it's more likely than not Mr P didn't take out this loan. His bank confirmed that a fraudster was able to take control of his current account. Furthermore, the evidence shows that the mobile number used in the loan application is not linked to Mr P. His bank has confirmed that the fraudster updated Mr P's bank profile to include this mobile number.

As Mr P didn't apply for the loan, once Quidie became aware of that it wasn't entitled to pursue him for repayment. It should also ensure that the consequences mentioned above

(negative credit reporting) shouldn't take place here. Quidie has an obligation to report accurate information to CRAs. That information must, as far as possible, accurately reflect Mr P's financial position. However, in this case, Quidie reported that Mr P owed a debt which wasn't his. This conclusion aligns with the view expressed by the Investigator in February 2021. At that time, the Investigator recommended that Quidie remove all adverse information about the loan from Mr P's credit file. Quidie agreed to this recommendation but failed to act on it.

It's three years and ten months later, but this still hasn't been done. Instead, around two years after it settled that complaint, Quidie reported to the CRAs that the account was in default. As a result, Mr P's credit score was affected. Mr P tells us he discovered the adverse credit information while renewing his mortgage. Although he cannot be certain, he suspects he renewed the mortgage on less favourable terms due to his artificially low credit rating. He also reported being declined for another lending product by a different lender. This has understandably caused him significant distress and inconvenience. It is inexplicable that such a simple issue remains unresolved after such an extraordinary length of time.

I contacted Quidie by email to outline my intention to issue a final decision directing it to correct Mr P's credit file and pay him £750 in recognition of the distress and inconvenience caused by its inaction. I explained that, in the absence of a response, I would proceed with issuing a decision along those lines. It hasn't responded, and so I'm issuing a decision upholding his complaint for the reasons discussed above.

Final decision

For the reasons I've set out above, I uphold this complaint. If Mr P accepts my final decision, Quidie Limited needs to:

- Remove any adverse information from Mr P's credit file in relation to the £200 loan;
and
- Pay him £750 in recognition of the distress and inconvenience it has caused him.

I'd like to remind Quidie Limited that a final decision issued by an ombudsman is legally binding where the complainant has accepted it.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 16 January 2025.

James Kimmitt
Ombudsman