

The complaint

Miss G has complained Brent Shine Credit Union Limited, trading as My Community Bank, is asking her to repay a personal loan she didn't take out.

What happened

In 2023, Miss G's father fell for a scam. After seeing an advert on social media endorsed by a well-known billionaire about investment opportunities, Mr G provided his details showing his interest in investing. A company's financial advisor (who I'll call X, but realistically just a scammer) contacted him resulting in Mr G making a considerable investment.

Miss G was encouraged to provide her personal details, including a copy of her driving licence and a selfie, to the scammers. She was led to believe this would result in payments being made to her, which she would then pass to her father. These were supposedly loans from X's parent company. Two payments were credited to Miss G's bank account: £10,000 and £15,000. She transferred these funds to her father's account.

Miss G's father realised he'd been the victim of a scam. At this stage Miss G realised – that despite being told otherwise by X – that she was liable for loan repayments with two loan companies, My Community Bank and another lender, L.

Miss G told My Community Bank that she'd not taken out this loan. After their fraud department investigated, they felt Miss G had been aware of what was going on and had benefitted from the loan funds. They were continuing to hold her liable for the loan repayments.

Miss G brought her complaint about this loan to the ombudsman service.

Our investigator was able to note the correspondence My Community Bank had held supposedly with Miss G was in fact with a fake email address. There was no evidence to show Miss G had applied for the loan herself. However, she'd noted the funds were paid into Miss G's bank account, and she transferred these to her father, without questioning why she wouldn't be liable for repaying this amount.

My Community Bank disagreed with this outcome. They felt:

- Miss G had been aware of the loan application and been actively involved. They believed this as she'd passed copies of her driving licence and a selfie which formed part of the ID verification My Community Bank took out.
- Miss G had not taken adequate steps to protect herself from being the victim of a scam.
- Miss G didn't report the fraud within a reasonable timeframe, particularly as she would have been aware that direct debit repayments were being collected from her bank account.

This complaint has been referred to an ombudsman for 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.

Having done so, I've reached the same outcome as our investigator. I'll explain why.

Where there is a dispute about what happened, I have based my decision on the balance of probabilities. In other words, on what I consider is most likely to have happened in the light of the evidence.

Both parties know that existing consumer credit legislation says that a customer can't be held liable for a loan if it was taken out by an unauthorised party.

Overall, I am satisfied Miss G didn't apply for the credit agreement herself. I say this based on the following facts:

- The personal information backing up the loan application – including employment details, ID verification of her bank account, address and self – match those genuine details of Miss G. Miss G doesn't dispute providing a selfie and copy of her driving licence to X and I believe she may have provided the other details as well.
- However, there's no indication Miss G ever received a copy of the credit agreement so would be unaware of the terms and conditions which are key in understanding what was going on and what she was bound to. My Community Bank has confirmed the email address linked to the application was not Miss G's. This is where the final agreement was sent and how the loan application was verified.
- So I don't agree with My Community Bank that Miss G *"didn't give proper care or attention when you applied for this loan"*. I'm not convinced she could have been fully aware there were loans as there was no correspondence received by her to match these applications.
- Miss G did know that large sums of money were being credited to her account. She was conned into believing, by X, that these were from her father and the narrative linked to the two lenders were just the paper trail required to ensure Miss G's bank didn't question the funds received.
- I've seen messages between Miss G and X where she does in fact question the loan payments she's making to both My Community Bank and L in March 2024 whereas she had been led to expect these were not loans. I suspect it's about this time that she and her father realise they've been victims of a vicious scam.
- That said, I note My Community Bank's concerns that Miss G never properly questioned how two large payments could be made into her account without expecting to pay for these. What we know about scams, such as the one X was running, is that these companies do what they can to mislead their victims so they don't immediately believe they are liable for loan repayments.

When we consider cases of this nature, we look at what customers understand about the funds and the use they make of them. If there is no benefit at all, I would ask My Community Bank to write off the loan in full. It's not completely clear from Miss G's testimony whether she was convinced to invest with X too, but later WhatsApp messages do suggest she was involved in what was going on too. I think there is an argument that Miss G was able to benefit from the loan funds received into her account.

What is not in dispute is that Miss G was able to transfer these funds to her father for his use. I'm satisfied I can accept there was some benefit to Miss G of these funds as well.

I use the word benefit to equate to make use of – I appreciate in the long run of the scam she and her father are most likely to have lost out considerably.

I note My Community Bank's comment that Miss G's actions allowed "*the scam to take place*". This seems to be unduly harsh based on what is widely known about how scams operate.

Although I don't believe Miss G applied for this loan or was provided with any paperwork which would confirm this existed at the time it was taken out, I do believe there was some benefit in receiving the funds.

Putting things right

Like our investigator I am requiring My Community Bank to cancel all interest and charges related to the loan taken out in Miss G's name in December 2023. I believe Miss G has been making payments to My Community Bank and they should ensure that all of her payments to date should settle the basic capital of the loan.

I leave it to My Community Bank to decide what arrangements they need to put in place to ensure this can be organised but they will need to communicate this clearly to Miss G.

My final decision

For the reasons given, my final decision is to instruct Brent Shine Credit Union Limited, trading as My Community Bank, to remove the interest and charges from the £15,000 loan taken out in Miss G's name in December 2023. All payments to date should offset the capital due.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss G to accept or reject my decision before 25 March 2025.

Sandra Quinn
Ombudsman