

The complaint

Mr F complains Santander UK Plc is holding him liable for a loan he says he didn't take out.

What happened

Mr F has three accounts with a business who I'll refer to as "H" throughout the rest of this decision – including a current account and a savings account. He says he lent his sister-in-law £4,400 from his savings account in 2021 and asked her to repay him in 2023. Shortly afterwards he received a payment of £4,400 into his current account which his sister-in-law said she'd sent. He moved this money back into his savings account.

Six months later, Mr F says he discovered a Santander loan for £4,400 had been taken out in his name in the course of putting together an application for a mortgage. Mr F says he contacted Santander straightaway – on 28 November 2023 – to say that he hadn't taken out a loan. He subsequently offered to pay back the proceeds of the loan to Santander after it became clear the money he'd received on 4 May 2023 – which he'd been led to believe was from his sister-in-law – had been the proceeds of a loan. He asked Santander to remove the adverse information on his credit file saying that he'd genuinely believed the money he'd received – which he'd moved to his savings account and still had – was from his sister-in-law. In the meantime, Mr F had asked his sister-in-law for evidence that she'd repaid him and hadn't received a particularly satisfactory response.

Mr F says he received a letter from Santander on 9 December 2023 saying that it was looking into the matter and that the loan would be removed from his credit file. Mr F says he then heard nothing from Santander despite chasing on a number of occasions – and going into branch with ID – and despite asking for details of how to repay the loan. He ultimately complained – see below – to our service.

Santander says it wrote to Mr F on 1 December 2023 to say that it was holding him liable for the loan and again in January 2024. Mr F says he didn't receive these letters. He says the only letter he received from Santander was a letter that doesn't look genuine. Santander says Mr F registered a complaint on 30 January 2024 and though it ultimately didn't uphold his complaint about the loan it offered him £50 in compensation as it accepted there were delays in dealing with the complaint. That's because when Mr F contacted Santander on 15 April 2024 he was told that there was no final response on file.

Mr F complained to our service and told us that the house he's living in was due to be sold – so he was worried his family could end up homeless. He also told us that the only adverse credit information on his credit file relates to the Santander loan that he's complaining about, that he's never missed a payment on any lending he's taken out before and that he was still happy to repay the proceeds of the loan as he still had them. In other words, he said that this was causing him real difficulties.

One of our investigators looked into Mr F's complaint and initially said that they were going to uphold his complaint as the email address, mobile number and employer details on the loan application weren't correct. In other words, our investigator accepted that Mr F hadn't applied for the loan and wasn't aware of it and so it wouldn't be fair to hold him liable under

the terms and conditions of the loan. However, as the loan proceeds had been paid into his account – meaning he'd had the benefit of the loan – our investigator said that Santander are fair to hold him liable for the principal.

Mr F accepted our investigator's recommendation saying that he'd already offered to repay the principal as he'd not spend the loan proceeds. Santander, on the other hand, didn't accept our investigator's recommendation and sent us evidence showing that it had sent a letter to Mr F's home address with a code which had to be entered before the loan proceeds were released and other letters too about the loan going into arrears. In other words, Santander sent us evidence that it said showed Mr F must have been aware of the loan and so should be held liable for it.

Our investigator ultimately agreed with Santander, based on the new evidence it had sent, and said that it wasn't acting unfairly or unreasonably in holding Mr F liable. Mr F wasn't happy with our investigator's ultimate recommendations and asked for his complaint to be referred to an ombudsman for a decision. His complaint was, as a result, passed on to me.

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.

Last month I issued a provisional decision saying that I was minded to uphold this complaint and to require Santander to make arrangements to remove the loan from Mr F's credit file and any adverse information it has recorded within 14 days of Mr F paying £5,000 in full and final settlement. I did so because I was satisfied that the majority of the details on the loan application were incorrect – only Mr F's home address was correct – and that the application had at least one anomalous detail, so arguably shouldn't have gone through. I was also satisfied that Mr F was more likely than not a victim. In the circumstances, I thought his offer to repay the proceeds he'd received – and an element of profit on top – was fair and reasonable. So, I asked Santander to calculate how much Mr F would have paid had he settled the loan early and explained I'd used that figure. I said that in the absence of that information I'd use a figure of £5,000 as a settlement figure. Both parties were invited to comment on my provisional decision. Mr F was happy with it. Santander wasn't. Amongst other things, Santander said that I hadn't explained how the code was obtained by someone else in order to release the loan proceeds.

In my provisional decision I said the following:

"I have, however, also seen evidence that Santander sent a code to Mr F's home address, and that code was entered before the loan proceeds were released. I am, however, satisfied that Mr F is not receiving all of Santander's letters – although it's not entirely clear why – and that he's received at least one possibly fake one. So, in this case, I don't think the code in itself is enough to say it's fair to hold Mr F liable under the terms and conditions of the loan. I'm also satisfied that Mr F didn't know about the loan until he started to put an application together for a mortgage. The fact that he's taken out lots of other loans and always made his repayments – the Santander loan is the only one where he hasn't – and that fact that he moved the £4,400 he received in May 2023 back into the same account he'd used to lend £4,400 to his sister-in-law in 2021 and still has that money are factors I've also taken into account as well as the fact that he paid the loan proceeds into the account from which he'd originally lent to his sister-in-law and that's where they remain."

I agree with Santander that I haven't explained how someone else obtained the code but given the evidence that Mr F isn't receiving all of Santander's letters and everything else I

referred to in my provisional decision, I remain of the view that the code in itself isn't enough to hold Mr F liable under the terms and conditions of the loan. So, I remain of the view that this complaint should be upheld.

Putting things right

I also remain of the view that Mr F's offer to repay Santander is fair and reasonable. So, given that Santander hasn't provided me with an early repayment figure, I'm going to require Santander to make arrangements to remove the loan from Mr F's credit file and any adverse information it has recorded within 14 days of Mr F paying £5,000 in full and final settlement.

My final decision

My final decision is that I'm upholding this complaint and require Santander UK Plc to make arrangements to remove the loan from Mr F's credit file and any adverse information it has recorded within 14 days of Mr F paying £5,000 in full and final settlement.

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

Nicolas Atkinson
Ombudsman