

The complaint

Mr K has complained Madison CF UK Limited, trading as 118 118 Money, is asking him to repay a personal loan he didn't take out.

What happened

In 2024, Mr K fell for an investment scam. Mr K was encouraged to buy a pedigree dog by being introduced to a third party by someone he knew. This dog would cost £5,000.

As part of this scam, Mr K believes the scammer applied for a personal loan in his name with 118 118 Money for £5,000. This loan was granted and information about the application was sent to Mr K using his personal email address. The money was paid into Mr K's personal current account with another bank (who I'll call B).

Mr K then made payments to a third party.

Mr K became aware he'd been scammed and taken advantage of. He complained to 118 118 Money that he'd not taken out the loan and asked them to write it off. He also complained to B that he'd been the victim of a purchase scam. In recognition of this, B repaid half of what Mr K had paid to the third party. This was £2,482.50.

118 118 Money sympathised with Mr K being the victim of a scam but confirmed he'd had the benefit of the funds paid into his account with B, so would expect him to make the loan repayments. In recognition that a fraudulent application had been made, 118 118 Money agreed to write off all interest payable and would only require Mr K to repay the £5,000 capital.

Since the loan was opened, Mr K has made no payments towards this debt.

Unhappy with 118 118 Money's stance, Mr K brought his complaint to the ombudsman service.

Our investigator believed it was possible that the scammers had physically completed the application in Mr K's name. However, she could see that Mr K had received all correspondence about the loan and had then made the payments using the loan funds so was clear he'd been aware of the loan. She noted Mr K had not used any of the money refunded by B to repay 118 118 Money.

Mr K was upset as he understood he was to be held liable for considerable funds which he no longer had. He disputed that he had ever had any benefit of the funds as he'd been the victim of a fraud with individuals taking advantage of his vulnerability and exploiting him.

Mr K has asked an ombudsman to make a decision on his complaint.

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.

I can confirm I have read all of the evidence carefully, and have noted the detailed responses Mr K has made to our investigator.

Unfortunately for Mr K I have to confirm that I won't be asking 118 118 Money to do anything further. There's no dispute that Mr K has been a victim of a horrible scam, but this alone doesn't mean I can ask 118 118 Money to write off the loan.

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. However, that's not the whole story. Our service also considers whether the party supposedly taking out the loan knew about and benefited from the funds.

Overall, I am satisfied Mr K did know about the credit agreement being taken out even if I accept he didn't apply for the credit agreement himself. I say this based on the following issues:

- Evidence from 118 118 Money suggests that information on the IP address forming part of the application differs significantly from Mr K's. The application was made using an app. This method is increasingly used by fraudsters and increasingly I'd expect credit providers to be aware of this.
- In the case of Mr K's loan, Mr K's personal details (including his account with B) match his genuine details. I'm also aware that 118 118 Money conducted checks in accordance with their procedures. I also note – that in terms of loan values – this is not overly high and the repayments of £325 a month would have seemed affordable after 118 118 Money's assessment.
- The fact the loan proceeds were paid into Mr K's personal bank account – which he was then able to use and supposedly invest – confirm Mr K benefited from the proceeds of the loan. I appreciate what Mr K has said about him only acting as a middle man and therefore having no financial benefit, but I don't accept this is the full story.
- 118 118 Money accepts Mr K was defrauded but argues that he played a role in this scam by not carrying out suitable checks into the overall scam. They've taken into account the role the fraudsters have played by removing any interest payable on this loan.
- Mr K was repaid money by B that he'd sent to the individual scamming him. Mr K has taken no steps to repay any of that money to 118 118 Money.

I've taken note of Mr K's medical condition but as 118 118 Money would not have been aware of this at the time of the application, I am not going to ask them to do anything further.

Mr K has also asked 118 118 Money to amend his credit record to show the amended level of debt now payable. However they have removed the interest as a gesture of goodwill, so I don't believe the data showing on his credit record is incorrect.

However, 118 118 Money must be aware of the level of debt that Mr K now has. I expect 118 118 Money to ensure that a suitable repayment plan is agreed with Mr K based on his personal circumstances.

My final decision

For the reasons given, my final decision is not to uphold Mr K's complaint against Madison CF UK Limited, trading as 118 118 Money.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 28 May 2025.

Sandra Quinn
Ombudsman