

The complaint

Mrs L complains about the balance of a fixed sum loan agreement with EE Limited.

What happened

In December 2023, EE received an application in Mrs L's name, for a fixed sum loan agreement. The loan was used to pay for a brand new mobile telephone device with a cash price of £423. Under the agreement, Mrs L was scheduled to make monthly payments of about £11 over a three year period.

A few days after EE approved the application, an airtime services contract was started, and the handset was delivered by EE's courier. But, the delivery address of the handset was different to the details used in the application.

EE sent a summary of the usage of the handset to Mrs L in January 2024. Mrs L says this was the first time she became aware of the fixed sum loan account. Mrs L has explained that she suspected a family member, who I'll call 'X,' had used her personal details without her authority to take out the borrowing. Mrs L says she subsequently contacted X and asked them to sort the problem out.

However, despite contacting EE, X didn't cancel the loan, or remove Mrs L from the agreement. This meant EE continued to pursue Mrs L for the balance of the loan account. So, Mrs L raised a complaint with EE and said they should not have approved the lending application.

In their response to Mrs L's complaint, EE agreed that the handset was sent to a different address to that of Mrs L. They also accepted where they had used X's email address in the lending application and had spoken to X about the overdue repayments. But, EE told Mrs L that her credit card was used as identification to open the loan, and that the repayments were due to come from a joint account in her name.

Based on that information, EE said that Mrs L's dispute was with X and therefore a civil matter. Although EE advised Mrs L that she could take her concerns to the police, they continued to hold her responsible for the repayments due to the fixed sum loan agreement. Mrs L didn't accept EE's response and brought her complaint to this service.

One of our investigators looked into Mrs L's complaint and found that EE had treated her unfairly. He said Mrs L's address and contact details weren't used in the application and that she didn't take delivery of the handset. Additionally, the investigator was persuaded that EE had spoken to an unknown third party posing as Mrs L. So, the investigator concluded that Mrs L hadn't given her authority for EE to use her details to open the loan account.

To put things right, the investigator asked EE to remove Mrs L from the loan agreement and delete any links to it from Mrs L's credit file. The investigator also asked EE to confirm to Mrs L in writing, once these steps had been carried out.

Mrs L accepted the investigator's findings, but EE didn't. They said they couldn't see any

facts that supported what the investigator had said. EE also reiterated where neither the police nor another agency was able to start a fraud investigation.

The investigator didn't change his conclusions, so Mrs L's complaint has now been passed to me to make a final 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.

The application in Mrs L's name was for a regulated fixed sum loan agreement. Our service is able to deal with complaints relating to these sorts of agreements. From what I can see, EE was the supplier of the device as well as the provider of the finance.

When the evidence is incomplete, inconclusive, or contradictory, as it is in this case, I make my decision on the balance of probabilities. That is, what I think is most likely to have happened given the available evidence and the wider circumstances.

There are a few possibilities that might have given EE a proper basis for pursuing Mrs L for the debt owed under the loan agreement: Namely:

- Mrs L applied for the loan agreement herself; or
- A third party applied for the loan on Mrs L's behalf, with her actual or apparent authority.

To help me consider both possibilities, I've looked at the lead up to the application for the fixed loan agreement and what happened afterwards.

The loan application

EE have explained that the fixed sum loan in Mrs L's name was applied for online. They have accepted that the email address used in the application didn't belong to Mrs L and was likely used by X. I've looked at the email address Mrs L uses with our service and I can see it is different to the details held within EE's records. I can also see where the email address held by EE bears X's name.

So, in view of what all parties have said, I don't think EE sent confirmation of the loan, or its related documentation to Mrs L's email address.

Furthermore, I can see that Mrs L first raised her concerns with EE in February 2024. This was not long after EE sent Mrs L the first postal statement for the usage of the handset. With this in mind, I think the contact history Mrs L has provided is consistent with her argument that she wasn't aware of the loan application until after it had begun.

EE haven't provided us with a copy of the additional details they took from the person who applied for the fixed sum loan. So, I haven't been able to consider information like the applicant's telephone number, residential status, employment details or salary. Given EE processed an application for borrowing, I think all these things are relevant.

But, EE have said that a credit card in Mrs L's name was used as a form of identification, to open the account. And that a joint account with X, was used to take the repayments through a Direct Debit instruction. Mrs L says she doesn't have a credit card and only has a debit card. Additionally, she says she doesn't have a joint account with X, or anyone else.

Having considered everything about the application for the loan, I think the email correspondence with X is significant. I say this because I think it shows where X may have been able to open the account without alerting Mrs L.

I've not seen any evidence to say what credit card was used for identification, or a credit file to show Mrs L's account holdings. Therefore, I'm unable to place much weight on what either side of the dispute have said in respect of that.

So, I've gone on to look at the delivery of the handset and what happened when Mrs L raised her concerns.

The delivery of the handset

While EE used Mrs L's postal address in the application for the fixed sum loan agreement, the delivery address for the handset was different. EE have confirmed that the handset was delivered to an address, that Mrs L says is associated with X. EE have also told us that the handset was taken in at that address, by someone different to Mrs L. In other words, it was not Mrs L that received the handset.

So, from the outset, it seems that Mrs L didn't take control over the device, after it was ordered using correspondence in which she wasn't involved.

I acknowledge that it may be possible to order a handset with EE, to be delivered to an alternative address. Afterall, a customer may wish to buy a device for somebody else to use, who may live at a different property. But, I don't think that is what happened in Mrs L's case.

I say this because from her first contact with EE, Mrs L has consistently said that X was responsible for the loan application. And that she wasn't aware of the loan account until she received the account statement in January 2024. Mrs L has also shown where she told X she didn't have any involvement with the loan agreement and airtime services contract.

From looking at the delivery of the handset, I think the address it was sent to and the information about the person who received the device is persuasive. Having considered everything, I think that information supports Mrs L's view, that she didn't authorise the opening of the loan with EE.

The steps taken by Mrs L

I've found the correspondence address EE used and the delivery of the handset useful in deciding Mrs L's complaint. But, I think the action on the account and the steps taken by Mrs L after she raised her concerns is also relevant.

The main piece of evidence EE have relied upon is a telephone call from late January 2024. In this call, EE say they spoke to X, who asked to change the loan into their name and the date of the Direct Debit. EE also say that during this conversation, X passed the call to Mrs L to complete a security verification process. They say it was here when Mrs L confirmed she had taken out the fixed sum loan. EE haven't provided an audio copy of this call, but they have provided a transcript of what was said.

It's clear that an audio copy of the telephone call EE relies on, would have been useful in this case. I think the call would have allowed us to listen to the person they say was Mrs L, accepting that she authorised the opening of the loan. So, I've thought carefully about the transcript and how that evidence could support either side's argument.

The transcript of the telephone conversation shows where the call was passed from X, to a

female person. To identify Mrs L, EE's advisor asked for their full name, the billing address and details about a bank account used to pay the Direct Debit. While the female person answered the first two questions, they didn't answer the final part of the security process.

The call appears to have continued without EE's advisor asking further security questions. While it's not clear if the advisor went on to agree to start the changes X had requested, I cannot see that they were ever implemented.

Mrs L says the female person EE spoke to wasn't her. She suspects it was X's partner, who had posed as her during the call, as they were both living at the delivery address in January 2024. Mrs L also says she would use her first, middle and surname when identifying herself, rather than just the first and surname, used in the telephone call with EE.

I've said that a copy of the conversation from late January 2024 would have been very useful. However, based on the transcript and from what EE and Mrs L have said, I think it seems confusing where EE chose to continue the call where one of the security questions wasn't answered. I also think that may have been the reason the changes to the account were not implemented, or spoken about further.

So, I think the call ought to have raised concerns with EE, that the person they were speaking to may not have been Mrs L.

Aside from the telephone conversation, I've also thought about Mrs L's actions, once she had established that X hadn't removed her from the responsibility of the fixed sum loan agreement. Mrs L has shown where she reported what had happened to the police and the national reporting centre for fraud. I say this, as Mrs L has provided her records of her contact with each of those services, from July 2024.

EE say that neither the police nor any other fraud agency have taken up an investigation on behalf of Mrs L. They say this means they are unable to agree she has been a victim of identity fraud.

While I agree that a formal investigation by the police hasn't begun, Mrs L's complaint is that X has taken out borrowing in her name without her authority. So, there's still an onus on EE to look at how the fixed sum loan was opened and how it was managed. And while not conclusive on their own, I think the steps Mrs L has taken to try and report her suspicions about X, shows she was prepared for any formal investigation that may follow.

Summary

Overall, I've found what Mrs L has explained very credible. I also think Mrs L has been consistent with her reasoning for why she took particular steps at a particular time. Furthermore, I think EE's record of their correspondence with X and the delivery of the handset add weight to Mrs L's side of the dispute.

On balance, I don't think Mrs L gave her authority, or apparent authority to X, to open apply for the loan. So, I don't think it's fair for EE to hold Mrs L responsible for the balance of the fixed sum loan account.

In all the circumstances, I think EE should allow Mrs L to exit the fixed sum loan agreement in her name, at no additional cost to her.

I'm also aware that EE opened an airtime services account in Mrs L's name, at the same time as the fixed sum loan started. Because I've found that Mrs L should not be responsible for the balance of the loan, it follows that EE should also allow Mrs L to exit the airtime

services contract. This should be done without further cost to Mrs L.

In light of my conclusions about the ending of the agreement, I don't think it would be fair for Mrs L to suffer from any adverse information EE may have recorded with credit reference agencies. And because I don't think Mrs L applied for the loan with EE, I think they should remove any information they may have passed on to those agencies, about the fixed sum loan agreement in Mrs L's name.

Finally, I'm aware of the worry Mrs L has experienced, since she says she discovered the application in her name. From what Mrs L says, it seems the majority of this worry was caused by X. I acknowledge where Mrs L disagreed with EE's review of her complaint, but don't think their actions were the catalyst of the distress she has experienced. However, to provide Mrs L with reassurance, I think it's fair for EE to write to her, to confirm that the settlement to this complaint has been put into place.

Putting things right

For these reasons, I require EE Limited to:

1. Allow Mrs L to exit the fixed sum loan agreement and airtime services contract, at no additional cost to her;
2. Remove any information related to the fixed sum loan agreement, from the details held with credit reference agencies about Mrs L; and
3. Write a letter to Mrs L, to confirm when parts one and two of this settlement have been completed.

My final decision

My final decision is that I uphold this complaint and require EE Limited to put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs L to accept or reject my decision before 15 October 2025.

Sam Wedderburn
Ombudsman