

The complaint

Mr A has complained that MBNA Limited (MBNA) is holding him liable for a loan that he did not consent to.

What happened

Mr A states he did not take a loan with MBNA and that he is a victim of identity theft.

A loan was applied for online with MBNA for £15,000 on 2 September 2024 and the proceeds were paid into Mr A's genuine account with another bank, before being transferred on.

Mr A states that when the funds were deposited into his bank account, he transferred them on to his friend because he believed it was money he was expecting from another source and did not realise that it was a transfer in from a loan application with MBNA.

Mr A raised concerns with MBNA when he noticed a direct debit set up on his account to make repayments towards the loan and said he was unable to afford the loan repayments. He said that the loan was taken out in his name without his knowledge and reported the matter to his bank – because it received the loan funds. He said the negative impact the matter was having on his credit file concerned him.

On considering the matter, MBNA held Mr A liable for the loan as it felt that Mr A was aware of the loan application. It said the loan funds were paid into an account in his name before being paid on.

So, Mr A brought his complaint against MBNA to this service.

Our investigator considered Mr A's complaint against MBNA but did not uphold it. He was of the view that Mr A was likely aware of the loan application and entered into it knowingly.

As Mr A remained unhappy with the outcome, he asked that an ombudsman consider 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.

It's important to highlight that with cases like this I can't know for certain what has happened. So, I need to weigh up the evidence available and make my decision on the balance of probabilities – in other words what I think is more likely than not to have happened in the circumstances.

Having done so, I've reached the same outcome as our investigator for broadly the same reasons, in that it is reasonable for MBNA to pursue Mr A for the loan.

I realise this matter has been stressful for Mr A, and I can see that Mr A is concerned about the requests made by MBNA for repayments on the loan, but on considering this matter, my focus has been on the actions of MBNA and whether it has acted reasonably towards Mr A.

In doing so, I've carefully reviewed all the evidence presented including information from MBNA and Mr A, to get an understanding of what happened. This includes information provided by Mr A's bank, so I can understand what happened fully. And I'd like to assure Mr A that if I don't mention a particular point, it's not because I haven't considered it, but I've focussed instead on what I believe to be important to the outcome of this complaint.

Existing consumer credit legislation states that a customer can't be held liable for a loan if it was taken out by an unauthorised party. So, what I have to decide here is whether Mr A applied for the loan himself or authorised someone else to do so on his behalf.

From what I can see, Mr A maintains that he did not apply for the loan with MBNA and states that he thought that the loan money that was received into his bank account was money he was expecting from another source, so he paid it on to his friend, who he owed, with that in mind.

I have given a great amount of thought to what Mr A has said, but on reviewing what MBNA and his bank has provided in the way of evidence, and what Mr A has submitted, it seems there are some inconsistencies.

MBNA has provided evidence to show that Mr A's bank intervened on a payment instruction for £6,000 that he made on 3 September - a day after the loan funds were received into his account – and that it sent him a SMS message requesting a call back. I note that on speaking to his bank, the evidence states that Mr A confirmed he was transferring some money to a friend, that he owed, and that he had spoken to her directly. His bank then went on to speak to him about different types of scams that he needed to be aware of, before the payment request was fulfilled but this seems to contradict what Mr A has told us here about not knowing the origin of the funds and suggests to me that he would have been aware that the loan had been deposited into his account prior to transferring the money on. Especially given his banks intervention.

MBNA states Mr A's bank has also evidenced there being further payments made to another bank account in Mr A's name around the same time, along with other credits to his account for large sums.

In comparison, the information Mr A presented to MBNA was not as detailed as what he shared with his bank. I note that when he reported the matter to his bank, he also mentioned that he had shared his bank details with a third party, who wasn't returning his calls.

So what I don't understand is why, given the concerns Mr A had about the loan, when he called to report his concerns to MBNA, he did not share this information, so that they could at the very least have had the opportunity to support and provide further assistance, when it was very much needed.

It's also unclear, given that the loan was approved by MBNA on 2 September and that correspondence relating to the loan was sent to Mr A's address, that no concerns were raised until very much later.

I understand that once Mr A made MBNA aware, it investigated the matter but said it held Mr A liable for the loan in full. But Mr A feels this is unfair and that he shouldn't be held to the terms and conditions of the loan because he did not apply for it.

MBNA has stated that it is a digital brand, and the application was made online and digitally signed but it did provide evidence to show what information was provided on the application, which matches the address and email address we have for Mr A. And the funds were paid into Mr A's account before being transferred on by Mr A. So, I am persuaded that Mr A was aware of the loan. I'm also conscious that although the funds were paid into his bank account, no concerns were raised with either MBNA or his bank until after the funds had been transferred on.

The issue here is that at the time of the application, as far as MBNA was concerned, it was a legitimate application which was verified and checked using information belonging to Mr A, which was used to satisfy MBNA's loan application requirements. So based on this, I can't see that MBNA had any reason to think it wasn't Mr A applying for this loan. His correct details were provided, his genuine contact details were used, the funds were to be paid to his genuine bank account, a proper direct debit mandate was set up, and the application passed all its credit and affordability checks. So, I'm not persuaded there was cause for MBNA to suspect anything untoward.

Mr A also had the opportunity to stop and cancel the loan application or report the matter to MBNA and his bank once he saw the funds deposit his account. But instead, the money was transferred away despite an intervention attempt being made by his bank.

Despite our investigator seeking further clarification from Mr A relating to the £15,000 he said he had been expecting to be paid into his account around the same time as the loan funds were deposited, along with when that was eventually received, I can't see that any of this information was provided by Mr A. And I can see Mr A also did not respond to the investigators direct question as to whether Mr A had attempted to contact his friend in a bid to reclaim the money that he had transferred mistakenly.

So given everything presented, I don't think MBNA would have been alerted to anything to suggest that the loan was being applied for by anyone other than Mr A. MBNA acted in good faith, based on the information it was given when approving the application. And I think it more likely than not that Mr A was aware of the loan application and that the proceeds were being paid into his bank account.

As I can't fairly hold MBNA responsible, I can't reasonably tell them to write off the amount of the loan in these circumstances.

Finally, I see Mr A has mentioned that he does not find it acceptable for MBNA to have reported missed payments or placed his account in default whilst his dispute was ongoing. But MBNA is under no obligation to place a hold on an account, it is down to its discretion. As I am satisfied that MBNA acted in good faith when approving the loan and then paying it into Mr A's bank account as per the instruction provided, it wouldn't be unfair for it to have taken this action.

I'm aware this has been a very difficult time for Mr A and that the negative impact of the loan has had on his credit file concerns him, but I'd like to assure him I haven't taken this decision lightly. Taking everything into account, as Mr A most likely knew about the loan, I can't say MBNA has acted unfairly in holding him responsible for repaying it.

MBNA however must remain mindful of Mr A's circumstances and consider this prior to deciding on an appropriate repayment plan which is reasonable to both parties.

My final decision

For the reasons given, my final decision is not to uphold Mr A's complaint against MBNA Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 17 October 2025.

Sukhdeep Judge
Ombudsman