

The complaint

Miss S complains about the outstanding amount owed under a fixed sum loan agreement, taken out in her name with Clydesdale Financial Services Limited.

Throughout Miss S's complaint she has been represented by a family member. But for ease, I'll just refer to Miss S.

What happened

In December 2022, Clydesdale approved an application for a fixed sum loan agreement in Miss S's name. The loan application was completed in a retail store and used to pay for a brand new mobile telephone device.

The day after the application, Miss S says she realised her wallet was missing. So, she says she contacted her bankers to cancel her debit card. Miss S also says her provisional driving licence was in her wallet.

Around a month later, Miss S says she noticed two Direct Debits active on her current account, which she didn't recognise. The Direct Debits were set up to pay two different telecommunications providers. And because Miss S says she hadn't taken out any products with those providers, she cancelled them with her bankers.

Soon afterwards, Miss S received letters from Clydesdale and the other provider, which told her that accounts in her name were in arrears. Miss S says she raised her concerns with both providers, and while one accepted she'd been a victim of a fraudulent application, Clydesdale didn't. So, Miss S went on to raise a complaint.

In their final response to Miss S's complaint, Clydesdale said the driving licence used in the application, was the same document as Miss S was currently using. They thought Miss S had applied for the fixed sum loan. So, they continued to hold Miss S responsible for the repayments due under the agreement. Miss S didn't accept Clydesdale's response and brought her complaint to us.

One of our investigators looked into Miss S's case and found that Clydesdale had treated Miss S fairly. She said there were some inconsistencies in what Miss S had told us and was persuaded Miss S's current driving licence was used in the application. So, the investigator said it was fair for Clydesdale to expect Miss S to repay the loan.

Miss S didn't agree with the investigator's findings and said Clydesdale should produce the identification taken at the time of the application. Miss S also said she was given inconsistent information by the other telecommunication provider.

The investigator didn't change her conclusions and now Miss S's complaint has 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.

Firstly, I'd like Miss S to know that I've read and understood the very difficult personal circumstances she has told us about. I empathise with what she has said she's been through and the impact on her. I hope things have now started to improve for Miss S and her family.

Clydesdale is seeking to recover payment from Miss S under a regulated fixed sum loan agreement. Our service is able to consider complaints about these sorts of agreements.

Where the evidence is incomplete, inconclusive or contradictory, as some of it is here, I reach my decision on the balance of probabilities. In other words, what I consider is most likely to have happened in the light of the available evidence and the wider circumstances.

There are a few possibilities that might give Clydesdale a proper basis for pursuing Miss S for the debt owed under the loan agreement: Namely:

- Miss S applied for the loan agreement herself; or
- A third party applied for the loan on Miss S'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.

Within her complaint Miss S has told us that she lost her wallet on 20 December 2022. She says she reported the loss of her debit card to her bankers on the same evening. Clydesdale have provided us with their records for the loan in Miss S's name, which shows the application was completed the day before Miss S says her wallet was lost.

Having considered the information available, I'm more persuaded by Clydesdale's records in that the application for the loan started the day before Miss S says she lost her debit card and provisional driving licence. This evidence in itself supports Clydesdale's opinion that Miss S authorised the opening of the loan agreement. But, I'm aware that Miss S may have unintentionally given us the incorrect date. So, I've considered the other evidence we have been given.

Clydesdale say the application for the fixed sum loan agreement was made face to face in a retail store that sells mobile telephone handsets. They say the salesperson processed the application using Miss S's personal details and they used her driving licence to verify her identity. Clydesdale say the salesperson also matched the photograph on the license to the customer in front of them in the store.

I can see from Clydesdale's records that the retail store noted the driving licence number on the application. I can also see that this matches the number on the full driving licence Miss S subsequently sent to Clydesdale at the start of her complaint.

Clydesdale's argument is that the full driving license was used in the application and that is the identification document that Miss S hadn't reported as lost. In other words, Miss S still has the driving license used in the application for the loan. Clydesdale go on to say they are sure of this because the driving license number changes, after it is converted from a provisional licence. And because Miss S would need to have handed her provisional licence back to the DVLA, to apply for a full one.

But, this conflicts with what Miss S says. She says she had her full driving licence at the time of the application with Clydesdale and had also retained her provisional licence. She says it

was the provisional license she had lost in her wallet and that the fraudster used it, to open the loan account. So, I've thought about which licence was most likely used in the application.

Having considered everything, I think Clydesdale are correct about the process to apply for a full driving license. On balance, I'm not persuaded by Miss S's argument that she was able to keep both her provisional and full driving license by the DVLA. And I think the driving licence number recorded on the application, is the same as the document currently held by Miss S.

Therefore, I think it's most likely that Miss S's full driving licence was used as identification to get the loan for the handset. And I think this is the document Miss S currently has in her possession. It then follows that this adds weight to Clydesdale's findings that Miss S gave her authorisation for the fixed sum loan.

More widely, I've thought about where Miss S told Clydesdale and us that she had reported the loss of her wallet to the police. Sometime after bringing her complaint to us, Miss S sought to clarify what had happened. She says she didn't report a crime to the police and had assumed her bankers would do it on her behalf.

Although I can understand why Miss S may have made that assumption. It remains that there is a difference in what she set out, when she first raised her concerns about the loan account with Clydesdale.

We have spoken to Miss S about the loan that was opened with a different finance provider, around the same time as the loan account with Clydesdale. Miss S says the other lender supported her side of the dispute, in that they agreed she had been the victim of identity fraud and had written off the borrowing. During her complaint, Miss S wasn't able to provide a copy of the other provider's findings. So, we contacted them on her behalf for further information.

I've thought carefully about the evidence from the other provider. They say the loan they opened in Miss S's name, was eventually written off due to a mis-sale. The other provider's notes don't say they found Miss S to have been a victim of identity fraud. Therefore, I think the records from the other provider don't support Miss S's opinion that an unknown third party used her personal details to open lines of credit.

I empathise with all that Miss S has explained about her personal and financial circumstances. But, I think there are inconsistencies with what Miss S has told us about the date she lost her wallet, the driving licence she says she lost, the reporting of the incident to the police and what the other lender had concluded.

Furthermore, I think Clydesdale's evidence of the licence used in the application and their records of what has happened since, persuades me that Miss S is likely to have authorised the application for the loan.

Miss S has told us about the impact of any adverse information on her credit file and on her circumstances in general. I acknowledge what Miss S says here and I can see where she feels strongly about the challenges she may face. But on balance, I think the evidence supports Clydesdale's view that Miss S applied for the loan account in her name.

So, I don't think Clydesdale are acting unfairly by deciding that the most likely thing to have happened, is that Miss S gave her authority, or apparent authority for them to open the fixed sum loan agreement. Therefore, I don't find I have the grounds to direct Clydesdale to stop pursuing Miss S for the outstanding debt owed under the loan.

From what I've seen, it doesn't seem that Miss S has made any payments to Clydesdale since the Direct Debit was cancelled in 2023. So, it may be that a balance remains owed by Miss S. In this instance, I remind Clydesdale of their responsibility to treat Miss S's current financial circumstances with due consideration and forbearance. This will mean working with Miss S to make sure she is able to make affordable repayments to any outstanding debt, if she's unable to make a lump sum payment.

My final decision

My final decision is that I don't uphold Miss S's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S to accept or reject my decision before 8 August 2025.

Sam Wedderburn
Ombudsman