

The complaint

Mrs B is unhappy with Metro Bank Plc trading as RateSetter's handling of a loan in her name that she says was taken out as the result of a scam.

What happened

The detailed background to this complaint is well known to both parties. So, I'll only provide an overview of some of the key events here. RateSetter say that in September 2023 they agreed a loan application in Mrs B's name. The loan was for £18,000, to be repaid over 48 months. The loan funds were paid into an account in Mrs B's name with her bank 'N'.

In late November 2023 Mrs B contacted RateSetter and told them that she hadn't taken out the loan. RateSetter investigated and didn't agree with Mrs B's claim of fraud and told her she was liable to repay the loan. Mrs B shared the difficult circumstances she was in and RateSetter says it took this into account, putting collection activity on hold. Mrs B later complained. In a broad summary she thought RateSetter had failed by not identifying that the loan was against her wishes, allowing a third party to take the loan on her behalf. She also didn't think she'd been treated fairly in relation to her personal circumstances and her ability to repay the loan.

RateSetter didn't uphold the complaint and the matter was referred to our service. They did however inform our service that following a review by their senior management, they've agreed to remove interest and fees from the loan and will only seek repayment of the capital balance. One of our Investigators didn't recommend the complaint should be upheld. He thought RateSetter had acted fairly in the circumstances. Mrs B didn't accept this and asked for an Ombudsman to review her complaint.

In February 2025 I issued a provisional decision in which I said:

"I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

As I'm providing a greater level of detail and am reaching a slightly different outcome, I'm issuing this provisional decision to give both sides a further opportunity to comment before my decision is finalised.

Firstly, I accept that Mrs B was the victim of a scam, and I'm also familiar with the circumstances of other complaints she has with our service about other providers who she held accounts with and through which she made payments to the scam. But this decision can only consider the actions of RateSetter.

I've listened to the call in which Mrs B reports that she's been the victim of a scam to RateSetter. During this call Mrs B said that she had no knowledge of the loan or the repayments until N informed her of this. She says she used screen sharing software to allow the scammer access to her devices at various times throughout the scam.

The evidence from RateSetter shows that when the loan was agreed, various correspondence was sent to Mrs B's valid email addresses and the same mobile phone number that she's used to communicate with our service. They say the loan was electronically signed following their email to Mrs B. I can also see that the money arrived in Mrs B's account with N on 20 September 2023 and the reference was 'RateSetter'. Most of that money was sent on from the account with N the same day in two payments of £8,937 and £8,982. N have told our service that these payments would've been instructed through mobile banking and required a biometric login to do so.

I've also seen evidence in the form of the messages between Mrs B and the scammer. On 10 October 2023 Mrs B shared with the scammer a screenshot of the welcome email from RateSetter which informed her that her first direct debit payment was due on 19 October 2023. Mrs B also says "I am extremely worried that in 9 days from now I need to make the first repayment for my SECOND LOAN..."

And when Mrs B was in an online chat reporting this to 'R' (who she also held an account with from which she'd sent money towards the scam) she said: "I just don't want the scammer to keep the money as they are LOANS THEY'VE CONVINCED ME TO TAKE OUT, ON MY NAME!!!!"

Taking all the above information together, I think it's more likely than not that Mrs B had awareness of the loan, earlier than she told RateSetter she did when reporting the scam to them (in November 2023). This also makes it difficult for me to place a lot of weight on Mrs B's evidence as being credible and reliable because she has said different things at different times. Specifically telling RateSetter she didn't know about the loan until N made her aware, and her earlier messages with the scammer indicating she did know about it and that the first payment was pending, and that she'd been convinced to take the loan by the scammer. This also means I don't think RateSetter's conclusion that Mrs B knowingly agreed to the loan is unfair or unreasonable. Her screenshot to the scammer shows she got the emails stating when the funds would be paid into her account and when her repayments were due to start. She also refers to having been convinced to take the loan by the scammer in her messages with R.

RateSetter say that the first two monthly payments were successfully collected by direct debit. The second of these was on 20 November 2023 a week before Mrs B alleged she hadn't taken the loan. RateSetter investigated this and asked Mrs B for various documentation to support what she was saying. This included statements from her account with N and information about their investigations. I've not seen evidence of RateSetter making unreasonable requests, I think this was all done with the aim of establishing the facts of what had gone on. And whilst I appreciate Mrs B says she's been charged for getting some of this information, this isn't something I think RateSetter are responsible for. And in the circumstances of this complaint, I can understand why they would want a full understanding of Mrs B's situation so they can ensure they are treating her fairly. I also think RateSetter have treated Mrs B fairly with regard to their collection activity. She was given numerous instances of 'breathing space' and I think she's been treated fairly and sympathetically in this regard.

Mrs B has also suggested that the loan wasn't affordable for her. This isn't something I need to make a finding on to decide this complaint. Even if I were to find that the lending was unaffordable, this wouldn't automatically mean the fair outcome would be for the loan to be written off. The redress I'd propose in that situation is that the interest and fees be removed, something RateSetter have already agreed to do.

I'm of course sympathetic to Mrs B being the victim of a cruel and callous scam. But overall, I don't think it was unreasonable for RateSetter to conclude that she entered into the loan

agreement with them. I can only comment on their actions prior to their complaint response, and in that context, I don't think they've treated Mrs B unfairly in their administration of the loan.

My provisional decision

For the reasons outlined above but subject to any further information I receive from either Mrs B or Metro Bank Plc trading as RateSetter, I intend to make the following direction. RateSetter has offered to remove interest and fees from the loan and to only seek repayment of the capital amount. I think this offer is fair in all the circumstances. So, my decision is that I intend to uphold this complaint in part and direct Metro Bank Plc trading as RateSetter to remove interest and fees from the loan."

RateSetter responded to say they accepted my provisional decision. They confirmed that the last of the interest and fees had been removed from the account in November 2024 and that Mrs B had paid off the remaining balance on 4 February 2025.

Mrs B responded and confirmed she had now settled the loan. She said she was still hoping for a more favourable outcome and made some additional comments which I'll address below.

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.

Mrs B has evidenced that she has remortgaged and used part of the funds from that to clear the loan with RateSetter (which fits in with what RateSetter said). She says that needing to remortgage will have an impact on her and her family for a further 20 years. Mrs B also says that she has developed medical problems linked to the stress caused by the overall scam.

I acknowledged the cruelty of the scammer and sympathised with the impact of the scam on Mrs B in my provisional decision. And I accept the impact this has no doubt had and continues to have on her. But as, in the circumstances of this complaint, I don't think Mrs B has been treated unfairly by RateSetter, and I don't think they are responsible for the impact on her, there isn't a reasonable basis upon which I could fairly direct them to do more. Nothing that Mrs B has said has persuaded me to deviate from the outcome set out in my provisional decision.

My final decision

For the reasons outlined above, my final decision is that I uphold this complaint in part. But as Metro Bank Plc trading as RateSetter have already removed the interest and fees from the loan, I'm not going to direct that they need to do more.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 28 March 2025.

Richard Annandale
Ombudsman