

The complaint

Mrs M complains Metro Bank PLC trading as RateSetter is holding her liable for a loan which she says was taken out fraudulently in her name.

What happened

Around September 2023 Mrs M came across a company, C, claiming to offer a low-risk investment opportunity. She says C claimed to be connected to a well-known public figure, and to hold international offices – including in the UK. Mrs M decided to invest with them. Unfortunately, C were operating a scam.

In November 2023 RateSetter received, and approved, an application for a £15,000 loan in Mrs M's name. It paid the funds into her bank account, and she sent them on. The money was ultimately lost to the scam.

Mrs M says the application was completed by the scammers without her knowledge or agreement. She has explained that she had been asked to pay various fees to withdraw from C's investment platform – and thought the money coming in was being paid by companies affiliated with C to help fund this.

When the scam came to light, Mrs M asked RateSetter to cancel the loan. It agreed to remove the interest charges but said she would still need to repay the capital amount of £15,000.

Unhappy with this response, Mrs M referred the matter to our service. She said the loan had been lent irresponsibly. Our investigator found the application used Mrs M's genuine contact details, meaning she was sent details of the loan. The funds were also paid into her account, and Mrs M sent them on (albeit due to being tricked by the scammers). In the circumstances, the investigator thought RateSetter could fairly seek repayment of the capital.

Mrs M has appealed the investigator's outcome. In summary she says she didn't apply for the loan – and the scammers had complete access to her personal information including remote access to her devices. The loan was unaffordable for her and irresponsibly lent. She was put under pressure and tricked by a sophisticated scam; she never thought she would need to repay the lending. In the circumstances, and given the impact of the scam, it's unfair for RateSetter to pursue her for the loan.

Mrs M also asked if RateSetter would remove the loan from her credit file. RateSetter said it wouldn't do this as Mrs M is still liable for the capital borrowed. I've been in touch with Mrs M to explain I consider that fair.

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 decided not to uphold it. I appreciate this will be very disappointing for Mrs M – who has clearly fallen victim to a scam. I've set out below how I've reached my conclusions.

I'm aware of the overall impact this scam has had on Mrs M. The wider context is that several loans were taken out, and several accounts were used to pass on the funds, during the scam. I'm considering complaints from Mrs M about each firm involved. I need to consider the responsibilities of each individually. But I have considered the cases together – and have taken on board the overall context, and the overall impact on Mrs M, when considering each case.

RateSetter has already agreed to waive the interest and charges that would normally be enforceable under the loan agreement. But it is seeking to recoup the £15,000 it paid into Mrs M's account. I accept she has lost those funds to the scam. But that in itself doesn't mean it would be fair for me to instruct RateSetter to "write off"/stop pursuing this debt and remove it from her credit file.

Mrs M says she didn't complete the application herself. I accept that seems plausible. However, for the reasons I've set out below, I think she was aware of the loan application made on her behalf.

The email address used on the application was one Mrs M had access to and used when reporting the scam. I appreciate Mrs M has explained the scammers had remote access to her emails. But she would also have had access to these messages. If the scammers were trying to conceal that the funds Mrs M received were proceeds from a loan, it would be risky to do this – as it meant she had access to any emails from RateSetter.

Mrs M has provided a document from C, referring to an "amendment to loan agreement" between Mrs M; her bank; C; and a "*third-party loan firm (referred to collectively as "the Parties")*". She says she thought the companies who provided the loans taken out during the course of this scam were partners of C's and were providing funds as part of the required process to withdraw from C's platform.

This document – which is dated around the time of this application – says the loan firm, as a partner of C, has agreed to provide an interest-free loan. It doesn't set out a loan amount. It goes on to say:

"a. Prior to the requirements of the Withdrawal, the Customer and the Loan Firm shall enter into a regular loan agreement, which shall govern the terms and conditions of the Loan. b. Once the Withdrawal is complete, the regular loan agreement between the Customer and the Loan Firm shall be terminated and replaced by this Agreement. c. Upon the replacement of the regular loan agreement, the terms and conditions of this Agreement, as outlined herein, shall govern the ongoing relationship between the Customer and the Company."

So, although the document suggests the contracts with the lenders will end once the withdrawal is completed, it does set out that loans will be taken out with third parties.

Furthermore, for two of the loan applications which Mrs M says she didn't make and didn't know about, she had phone contact with the lenders during the application process – during which she referred to having applied for loans, claiming they were being taken out to fund home renovations. She has explained she thought she had to follow C's instructions on what to say. But overall, it suggests awareness that lending was being taken out.

In all the circumstances, it appears to me that Mrs M effectively authorised C to take out this loan (and others) on her behalf. I think Mrs M was likely aware, at the point she received these funds and sent them on from her account, that the money was from a loan. Therefore, my starting position is that RateSetter can seek to recover these funds. But I have gone on to consider the further points Mrs M has raised about why she doesn't think that is fair in the circumstances.

Mrs M says the lending was unaffordable for her – particularly given the number and value of the loans taken out during the scam. Where all the loan applications were made in quick succession, I don't think the full extent of the borrowing being applied for would have been visible to the lenders.

Even if RateSetter should have realised from the outset that the loan was unaffordable, that doesn't mean the fair remedy is that it should write off the lending in full. RateSetter has already agreed to remove the interest on the loan; it is only seeking to recoup the amount it paid Mrs M, and which she moved on.

Overall, I think RateSetter entered into this agreement in good faith with no substantial reason to doubt it was applied for by Mrs M – bearing in mind the funds were paid into her own, genuine account. And that Mrs M was aware she had received the funds from RateSetter, as she has confirmed she transferred them on from her bank account (albeit she was tricked into thinking she wouldn't need to repay the lending). There is also mention of RateSetter in Mrs M's messages with the scammers.

I am aware Mrs M has been left with a substantial loss overall from this scam. But in all the circumstances, I consider it fair for RateSetter to seek to recover the money it paid her. I would expect it to treat Mrs M with forbearance and due consideration when doing so.

I don't think it would be fair to direct RateSetter to stop reporting the outstanding debt it is seeking repayment for on Mrs M's credit file. Firms have a duty to ensure data they report on a consumer's credit file is fair, accurate, consistent, complete and up to date. As I'm not directing RateSetter to fully write off the loan, I think it can fairly report the remaining debt on her credit file.

My final decision

For the reasons given above, my final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 23 April 2025.

Rachel Loughlin
Ombudsman