

The complaint

Mr W has complained that Brent Shrine Credit Union Limited trading as My Community Bank (Brent Shrine) are holding him liable for a loan he did not apply for.

What happened

On 22 August 2022 an online loan application was received and approved with Brent Shrine for a £9,000 loan in Mr W's name and the funds were paid to an existing bank account in his name.

Mr W states he didn't agree to a loan being taken with Brent Shrine, so shouldn't be held liable for it.

Mr W mentions his friend mentioned a way in which he could make money, and although exactly how it was possible was never explained, he trusted him and set up a ClearScore account, and he then shared his account password, bank details and email address with him.

He states that on seeing the loan money deposited into his account from Brent Shrine and becoming aware of what had happened, he raised concerns with his friend and said he wanted no involvement, but this was met with blackmail and threats.

He states he was then told to transfer the loan money away and his online banking account was subsequently taken over. He said that due to a fear of losing his savings, he did not approach his bank with his concerns until a few weeks later. And on doing so realised that his money had been transferred away. Mr W states he also alerted the police and Action Fraud to what had happened.

Mr W mentions that around the same time, another loan was also deposited into his account, which had been agreed by his bank. And that his bank on investigating had managed to reclaim most of this loan money, but that it had been unable to assist him with his concerns relating to the loan taken out with Brent Shrine.

On contacting Brent Shrine to escalate his concerns, Mr W explained the loan was opened in his name without his consent and that he had not received any correspondence in respect of the loan.

Brent Shrine investigated but held Mr W liable for the loan. They said that as the loan funds were paid into Mr W's bank account and he was aware of the loan, Mr W was liable for the loan and the repayments. It also said it had seen no evidence to show that a fraud claim had been raised with Nationwide.

Unhappy with Brent Shrine's response, Mr W referred the matter to our service.

Our investigator considered Mr W's complaint and didn't uphold it. She thought Mr W was likely aware of the loan application made with Brent Shrine. But Mr W remained unhappy

and said Brent Shrine failed in its duty to properly verify the loan application and that he had not agreed to the terms and conditions of the loan.

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, and for broadly the same reasons, I agree with our Investigator in that it's fair and reasonable for Brent Shrine to hold Mr W liable for the loan.

I appreciate that this will be disappointing for Mr W. I understand the impact this matter had on him, and I'd like to assure him I haven't taken this decision lightly. But it's the scammer who's primarily responsible for what happened here. And I can only consider what Mr W and Brent Shrine did in this dispute between them.

I have carefully considered everything presented by both parties and although I have summarised this complaint in far less detail than the parties have. I want to stress that no discourtesy is intended by this. If there is a submission I have not addressed, it is not because I have ignored the point. It is because I have focused on what I have found to be the key points.

I would also like to add, that where the evidence is incomplete or inconclusive, I have made my decision on the balance of probabilities – that is, what I consider is more likely than not to have happened in the light of the available evidence and circumstances.

Brent Shrine can hold Mr W liable for the loan if the evidence supports that he agreed to it.

I note Mr W mainly argues that he didn't agree or consent to a loan with Brent Shrine and that it was his friend that applied for it without his consent. He states that had Brent Shrine conducted proper due diligence, the loan would never have been approved and that he should not be held liable for a loan that was fraudulently obtained due to Brent Shrine's failure to follow regulatory procedures.

The relevant consideration here is Section 83 of the Consumer Credit Act 1974 which outlines that a debtor under a regulated consumer credit agreement shall not be liable to the creditor for any loss arising from the use of the credit facility by another person not acting, or to be treated as acting, as the debtor's agent. This means Mr W can't be held liable for a debt that another person, not acting on his behalf, took out.

I have given this a lot of thought, and in doing so I have also looked closely at all the evidence presented to understand what happened. This includes reviewing the correspondence and calls Mr W had with Brent Shrine and our investigator, and considering information relating to the opportunity to make money that Mr W was offered by his friend. I've also reviewed Mr W's bank account activity both prior to the loan funds being deposited and after.

Mr W maintains that as he trusted his friend, he opened a ClearScore account as instructed and then shared the password and his email address. He said he initially believed his friend was using the account to check his credit report.

Mr W states he did not realise what had happened until he saw the loan money deposited into his account. He said that he also saw that money from another loan application made with his bank, was also deposited around the same time. He states that when he confronted

his friend with his concerns he was subjected to threats and blackmail and was told to keep silent.

I can see from the information presented by Brent Shrine, that the loan was applied for using Mr W's genuine details - although I note the telephone number used for the purposes of the application is not the same as what we have recorded for Mr W, and Mr W also states the employment details provided were inaccurate. I can also see that the loan funds were paid into Mr W's genuine bank account after Brent Shrine had sent confirmation emails, both of the direct debit agreement and the loan approval, to Mr W's genuine email address, which is the email address we also have recorded.

Having considered the above, I don't think Brent Shrine was to know at that time that the application hadn't come from Mr W or that there was anything untoward about it and I am satisfied Brent Shrine completed appropriate checks prior to agreeing to the loan.

Although I've not seen any evidence which specifically shows that Mr W himself did not apply for this loan, or which makes me think it's unlikely or implausible that he could have, having reviewed everything presented, on balance, I am satisfied based on what Mr W has said, that it was his friend that made the application.

Mr W has explained his intention when agreeing to enter this proposition was to earn money legitimately, and as he trusted his friend he set up a ClearScore account as directed and shared his password. But what I am having trouble understanding is why he never questioned his friend on how he was going to help him make money or his intentions. Also, despite Mr W stating he was later subjected to threats and coerced into transferring the loan funds away, it's difficult to understand why he did not go on to approach the police or Brent Shrine, for support and guidance until quite some time later. It's also unclear how, despite the difficult circumstances he was experiencing, he was able to transfer £4,000 from the loan proceeds, into his savings account – so for his benefit.

I also note Mr W confirms he made the requests to transfer the money away before then sharing a code provided by his bank, which allowed his bank account to be taken over. He states that he then waited a couple of weeks before raising concerns with his bank and realised his savings had been drained by the fraudsters and that it had all been a fabricated story. I think given the very nature of the events and the threats he was experiencing - and what he had been told about attempting to access his online account - this really ought to have put Mr W on notice that something wasn't quite right sooner.

Mr W mentions that when he ultimately reported the matter to his bank account provider, it acted to reclaim most of the loan, but I haven't seen any evidence to support what he said happened. He also states that the friend in question has since fled the country, and a police investigation is still ongoing. But again, I can't see any evidence of this investigation has been provided.

Overall given what I've seen, I am persuaded that Mr W, most likely enabled the application of a loan by sharing his details, account information and ClearScore password, and I am satisfied that he was also fully aware that he was transferring the loan funds away – albeit on the instruction of his friend. It's also evident from the transactions shown on his bank account, that a good proportion of the funds were transferred into Mr W's own savings account rather than being transferred away, which is especially unusual given Mr W has said his account was taken over by fraudsters. And finally, emails were sent to Mr W's genuine email address that confirmed the loan agreement and direct debit instruction that had been agreed with Brent Shrine. As such, I don't think it would be fair and reasonable for me to prevent Brent Shrine from pursuing Mr W for the loan.

Brent Shrine was not responsible for the scam – the scammers were. So, it would be unfair for me to hold Brent Shrine liable for what happened, or to tell them to fully write off a loan which they lent out in good faith.

I'm aware this has been a difficult time for Mr W. But taking everything into account, as I believe it's most likely Mr W knew about the loan, I can't say Brent Shrine has acted unfairly in holding him responsible for repaying it.

Brent Shrine however must be mindful of the position Mr W finds himself in, and I would expect Brent Shrine to give consideration to his circumstances prior to deciding on an appropriate repayment plan which is agreeable and reasonable to both parties.

My final decision

For the reasons given, my final decision is not to uphold Mr W's complaint against Brent Shrine Credit Union Limited trading as My Community Bank.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 5 November 2025.

Sukhdeep Judge
Ombudsman