

The complaint

Miss H complains that Inclusive Finance Limited trading as Creditspring is holding her liable for a loan that she says was taken out fraudulently.

What happened

In January 2023, Creditspring received a loan application in Miss H's name. The loan was approved and £300 was paid into a joint account that Miss H held with her ex-partner.

Miss H says that the loan was taken out by her ex-partner without her knowledge or consent. When she discovered the loan, she contacted Creditspring to report the fraudulent application, and asked it to write off the loan, but it declined to do so. Unhappy with the way it handled her claim of fraud, Miss H raised a complaint with Creditspring.

In response, Creditspring said:

- It was sorry to hear Miss H had been the victim of fraud.
- It's fraud team considered this to be 'familial fraud' where the perpetrator is known to the victim. In such cases, Creditspring requires the matter to be reported to the Police, and it will wait the outcome of their investigation before considering its liability for the loan.
- This was not a typical case of fraud, as the loan funds were paid into an account held in Miss H's name. It also received some repayments.
- It agreed to remove any outstanding fees owed, and accept a repayment of the outstanding loan balance, as well as remove records of the loan from Miss H's credit file.
- It would fully cooperate with the Police should they make contact as part of their investigations.

Miss H remained unhappy and referred her complaint to our service where it was considered by one of our investigators. He didn't believe Creditspring had evidenced that Miss H had applied for the loan. And he felt it was unreasonable for Creditspring to put the onus on the Police to investigate Miss H's fraud claim. As such, he recommended that Creditspring cancels the loan, removes information about it from Miss H's credit file, and pays her £100 compensation.

Miss H agreed with the investigator's findings, but Creditspring did not. It didn't believe its stance to involve the Police was unreasonable in the circumstances, and said it didn't have sufficient evidence to safely conclude that Miss H wasn't responsible for the loan. As no agreement could be reached, the complaint has been passed to me to decide.

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.

Generally, a customer can't be held to the terms of a loan agreement they didn't enter into,

or was entered into by someone else without their consent. In this case, Miss H says she didn't take out the loan with Creditspring, her ex-partner did, and that she didn't know about it until months later when she checked her credit score.

I understand that as part of the application, Creditspring were provided with Miss H's name and address, an email address and telephone number. And the loan amount for £300 was paid into a building society account confirmed to be in Miss H's name. Some repayments were made towards the loan, but it fell into arrears and Miss H has since been pursued for the debt.

Miss H has provided us copies of the joint building society account statements showing the £300 loan deposit. These show that the account was held in joint names, and as soon as the £300 deposit was made, the full amount was transferred out of the account in two separate transfers – one to another account with the same building society.

The building society has sent us a list of all accounts it has linked to Miss H's profile (including ones that have been closed). From this, I'm satisfied that the loan funds were not transferred to any accounts held in Miss H's name, but rather to another individual. And, the email address and telephone number on the loan application do not match the contact details Miss H has provided to our service. Based on the evidence I've seen, on balance, I'm not satisfied that Miss H took out the loan herself or consented to her ex-partner making the application either. I've listened to the call Miss H had with Creditspring where she reports the loan as fraudulent, and she's clearly very unaware of the details of the loan, and is very willing to report the matter to the Police. I think this adds credibility to the events Miss H has described in relation to her ex-partner taking out credit in her name without her knowledge.

Creditspring identified the matter as 'familial fraud,' (because Miss H had named her ex-partner as the person who took out the loan). Because of this, it said it would expect to await the outcome of a Police investigation before taking any remedial action towards the loan. It specifically told her that an Action Fraud reference number wouldn't be enough, as it would be reasonable to presume that there must be an active an ongoing Police investigation as Miss H had claimed she knew the person who took out the loan.

I find it very unusual that Creditspring has taken this approach, when Miss H has no control over the Police or how they investigate fraud. And, involving the Police is not a requirement when it comes to reporting instances of fraud to a payment service provider in order to receive a refund. There is never a guarantee that the Police will take on such investigation, and this approach is unreasonable in the circumstances of this complaint. Miss H has done everything that has been asked of her by Creditspring.

As I'm satisfied Miss H didn't enter into the loan agreement, I don't think it's fair or reasonable for Creditspring to hold her to the terms of that agreement. And, Creditspring's handling of the complaint would've no doubt caused Miss H distress and inconvenience as a result of its insistence that she involves the Police. I can appreciate that this would've been very frustrating for Miss H, especially as she had involved Action Fraud as she'd been advised to do, but was referred back to Creditspring by them as well. As such, I think £100 is an appropriate amount of compensation to cover this distress and inconvenience.

Putting things right

In order to fairly resolve this complaint, Creditspring should:

- Cease contacting or pursuing Miss H in relation to this loan,
- Remove all information about the loan from Miss H's credit file,
- Pay Miss H £100 compensation.

My final decision

My final decision is that I uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss H to accept or reject my decision before 26 May 2025.

Lorna Wall
Ombudsman