

The complaint

Mr K complains that Bank of Scotland plc trading as Halifax ("Halifax") is recording adverse information on his credit file in relation to a loan which he says wasn't taken out by him.

What happened

In September 2024, a £13,500 loan was taken out with Halifax in Mr K's name. Mr K says he was the victim of identity theft, and the loan wasn't taken out by him.

Mr K says he discovered the loan in December 2024 when he received a letter about it from Halifax. He also checked his credit score and saw the loan on his credit report. Mr K says he then contacted Halifax as he had no recollection of the loan application and asked it to provide information about it. He also asked it to remove all information about the loan from his credit report. But Halifax declined.

Mr K raised a complaint. In response, Halifax said:

- When the loan application was received, it was identified for additional security checks. A telephone call was made to Mr K's mobile number to discuss the application.
- It's listened to this call recording, and it's confident that the call was completed by Mr K himself because the voice matches genuine calls made by him discussing the fraud claim.
- Because no payments were received towards the loan, the agreement has now been passed to its recoveries team.
- It may need to pass the balance to a debt collection company to recover the outstanding balance.

Unhappy with this response, Mr K referred his complaint to our service where it was considered by one of our investigators. She didn't believe Halifax had done anything wrong and was entitled to hold Mr K responsible for the loan.

Mr K explained to our investigator that he is not questioning whether he should pay back the money. But he wants our input as to whether a company can issue loans with no signature and no agreement. He wants Halifax to remove the information from his credit file.

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, Mr K says he didn't take out the loan with Halifax, and he didn't know about it until two months after the £13,500 had been paid into his account.

Mr M has told us that he was introduced to an individual who asked if he was interested in buying a prestige car. He provided his personal information to this person who said he would try to arrange finance for Mr K to buy a particular car he'd found. At the beginning of October 2024, Mr K was told the finance had been approved and met this person again to provide his ID document and sign a finance agreement. But after doing so, Mr K was told the car was no longer available. Mr K has explained that the finance agreement he was asked to sign was nothing to do with Halifax. But he believes the person who sourced the car may be responsible for the fraudulent loan application with Halifax, as he'd provided all of his personal information to this individual.

Halifax received the loan application online. I've seen the details the applicant provided, and Mr K's name, address, date of birth and contact details were all entered correctly. Halifax carried out a credit search on Mr K, which passed, and from the information it was given about his income, the bank considered the monthly payments were affordable for him. I know Mr K has raised concerns with how the application was signed, and whether or not the agreement is valid. I see the application was signed electronically – which is widely accepted in financial services when it comes to online applications. In any case, my role isn't to determine if an electronic signature is legally valid, but whether Mr K agreed to the terms of the loan.

I've thought about Mr K's possible explanation for the loan application being made without his knowledge or consent. But from the evidence I've seen, I don't consider this is what happened.

I say this because Halifax has provided a call recording where it says it spoke with Mr K about the loan application before it released the £13,500 to his bank account. I've listened to this call.

It was made on 10 September 2024 to Mr K's mobile telephone number – the same number he's provided to our service. The person who answered said they were Mr K, and answered multiple security questions linked to Mr K's personal information. The person confirmed they were aware of the loan application, that it was to be used for home improvements – specifically a new kitchen and bathroom, and that the work would cost in the region of £18,000. The person said they'd not been pressured into taking out this loan and confirmed that they were happy to go ahead with the application.

I asked one of our investigators to discuss this call with Mr K. He told us he remembers this call, but he thought it was one of his friends 'messaging about' as he was due to receive some money into his account. I don't accept this. The call was clearly not from one of his friends, the advisor introduced themselves as being from Halifax, and at no point did Mr K suggest he thought he was speaking with one of his friends.

Because of this, despite what he's said to both Halifax and our investigator, I find that Mr K was fully aware of the £13,500 loan application and was agreeable to the terms of it. And, even if he didn't enter into the agreement himself, I'm satisfied someone else did so with his consent. And this in view of the call recording Halifax has provided.

I can see from Mr K's bank statements, that he moved almost £9,000 of the loan proceeds within two days of the loan deposit into his account. Based on his account balance at the time, this wouldn't have been possible without the loan being paid into his account when it

did. So whilst he's said he wasn't aware of the loan, and wasn't keeping an eye on his account, this activity raises doubts on the credibility of what he's said, and I don't accept this is what happened.

It follows that I find it's fair for Halifax to record all information about the loan on Mr K's credit file.

Mr K says that he didn't receive a copy of the loan agreement. So he shouldn't be held to the terms of it. But as I'm satisfied that he was not only aware of the loan, but he benefited from it by spending the money, Halifax is entitled to hold him to the terms of the agreement.

I'm aware that due to non-repayment, Halifax has passed the outstanding balance of the loan to its recoveries department. It's provided Mr K a telephone number for him to call to discuss repayments towards the loan, but I would like to remind Halifax to treat any instances of financial difficulties positively and sympathetically.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 19 August 2025.

Lorna Wall
Ombudsman