

The complaint

Miss T has complained that Santander UK Plc are holding her liable for a debt which she says was taken out fraudulently in her name.

What happened

Both sides are most familiar with the case, so I'll summarise things more briefly.

In spring 2024, Miss T fell victim to an investment scam after seeing an advert on social media. She received detailed scam warnings from her banks but chose to go ahead. She then reported the scam to the banks, still in spring 2024.

In summer 2024, Miss T was contacted by the same fake investment advisor from the first scam. They promised they could help her withdraw her previous investment and profits. She was told she needed to make various payments to release the money. Miss T sent further payments to the scammers, totalling around £150,000.

As part of this, two £25,000 loans were taken out in Miss T's name and paid to her genuine bank account. Miss T forwarded these funds to the scammers herself. Around two months after the applications, Miss T reported the loans as fraudulent. She says that the scammers applied for these loans, she was unaware they were loans, and she'd thought the funds she received were part of some sort of escrow arrangement where she'd have no liability.

One of the loans in question was taken out with Santander, and is the subject of this case.

Santander concluded that Miss T applied for the loan, and have held her liable for it.

Our Investigator looked into things independently and didn't uphold the case. Miss T asked for an ombudsman's final decision, so the complaint's been passed to me to decide.

I sent Miss T and Santander a provisional decision on 30 April 2025, to explain why I thought the complaint should be upheld in part. In that decision, I said:

First of all, I do appreciate that Miss T fell victim to a cruel and substantial scam. I know this cannot have been an easy thing for her to go through, and I can see the scammers have caused her a great deal of distress, for which she has my sympathy. I'm grateful to Miss T for being open and candid with us about how the scam has made her feel.

Of course, it's the scammers who are primarily responsible for what happened. But in this case between Miss T and Santander, I must consider what Miss T and Santander are liable for. So I need to consider whether Santander are entitled to hold Miss T liable for this loan.

Based on what I've seen so far, I think it's most likely that Miss T consented to this loan, for the following reasons:

- *Santander sent Miss T a code for her loan application by post to her genuine address. This code was then entered to verify the loan and finish the application.*
- *The other loan company sent Miss T a link via text message to verify her identity for that loan. Miss T accessed the link and submitted a live selfie along with pictures of her photo ID. To clarify, this was done live, in the moment, using her device's camera – it was not possible to submit a pre-existing photo. The person in the live selfie matches Miss T's photo ID. We can be satisfied this was Miss T verifying the loan.*
- *Her correct key details and identifying documents were submitted. I acknowledge that Miss T may have previously granted the scammers access to some or all of this information, so this is not a key point. But it bears mentioning, as her key details were checked against external data and found to be valid. So it fits well with the possibility that Miss T authorised the loan, and also means that Santander did not have good reason to think anyone else was applying.*
- *Miss T's own contact details were used to apply for the loans – including her phone number, postal address, and email address, and all contact went to her. If someone had applied for the loans without Miss T's knowledge, it's unlikely they'd do this when they could instead create false contact details and avoid Miss T finding out. I accept it's possible the scammers could've hacked her email. But Miss T would've received at least the phone and postal contact – which included key loan information – and so would've been aware of the loans. Yet she moved the loan funds on herself and didn't report the loans until significantly later.*
- *While still assessing the application, Santander left Miss T a voicemail about her loan application. This was left on the same number Miss T gave us. Again, this suggests she would've likely been aware of the application at the time.*
- *Miss T suggested her post could've been redirected. But a redirection would've first required payment from a card in Miss T's name and registered to her pre-redirection address (i.e. her genuine address). And we can see from Miss T's accounts that her cards weren't used for this. She also would've got confirmation of the redirection – again at her pre-redirection details – before it went ahead. But she didn't get any such confirmation. So there's no evidence any redirection took place; instead, the balance of evidence strongly suggests there was no such redirection. So it's most likely Miss T received the letters about the loans and was aware of the loans.*
- *While a remote access program was used, Miss T's device and its operating system do not allow that program to take control of the device. The program was only able to view what she was doing passively. In other words, the scammers were not able to do things like open or delete Miss T's texts or voicemails on her device. They could only watch what she was doing. So we can be fairly satisfied that it was Miss T who was accessing the contact made directly to her phone, such as the texts involved.*
- *In another case with our service, Miss T's representatives submitted evidence which included a message Miss T sent the scammers about receiving contact from the loan company regarding her loan application. This contradicts what Miss T's said in this case about not receiving said contact. In this case, Miss T left that message out of her submitted correspondence with the scammers.*

- *It's notable that, despite our requests, Miss T has not provided her full unredacted contact with the scammers, and has not provided key correspondence, especially surrounding discussion of the loan funds. When a party fails to provide evidence we require of them, I am allowed to draw negative inferences from that. I see no good reason why Miss T would withhold this information if it supported her case. On the other hand, she would have good reason to withhold it if it showed she applied for the loans or was aware they were loans in her name. In another case with our service, Miss T's representatives said that the scammers were indeed urging Miss T to take out loans. And in this type of scam, scammers will typically persuade victims to approve loans under the promise that they'll clear the debt with their recovered profits and/or that the scammer will remove their liability using some legal technicality.*
- *After sending the scammers the funds from the two £25,000 loans, they demanded a further £50,000 from Miss T. Shortly after this demand, Miss T applied for a £50,000 unsecured personal loan with her main bank under the same false pretence as the two loans in dispute. I'm reasonably satisfied this was Miss T, as she called the bank directly and passed security in order to provide supporting information for her loan application, in response to a message they'd left her about her requested loan. In this complaint, Miss T has said she would've never applied for an unsecured loan, and would've only used secured borrowing. But this third application shows that Miss T was willing to apply for large unsecured borrowing, and seemingly that she'd be willing to do so herself, under false reasons, in response to the scammers' demands.*
- *During that call, the bank's advisor enquired around Miss T's recent loans and large payments to her account at another bank (i.e. the two loans in dispute and the scam payments), wanting to know why she needed multiple loans. Miss T said that was for the same home improvements that this new loan application was supposedly for, and this third loan would be her last one as the work was nearly complete. Now, during that call the two loans in dispute were not explicitly discussed in and of themselves, and Miss T did not state that she applied for them. But the nature and context of the conversation suggests that Miss T was most likely aware of the loans. Yet she didn't report the loans until over three weeks later. It's not likely or plausible she'd wait that long if the loans were taken out without her consent.*

With that said, even if I were to accept that Miss T didn't physically apply for this loan herself – e.g. if the scammers did it for her – I currently find that she ought reasonably to have been aware that this was a loan being taken out in her name which would need to be repaid. I say that for the following reasons:

- *Miss T already reasonably knew this was a scam. Not only had her banks spoken to her directly on multiple occasions to give her repeated detailed scam warnings, but she herself reported the matter as a scam after the spring incident, before the loans were even taken out.*
- *While this is not the main point I've relied on, I must note that Miss T is a highly-experienced, highly-qualified senior professional with relevant expertise. Some of the things she says the scammers told her are matters she would've likely reasonably understood to be false or implausible.*
- *As set out earlier, Miss T received direct contact about these loans before paying on the funds, which informed her that these were loans in her name. And she took actions to facilitate the loans going ahead.*

So I currently find that Miss T did not have a reasonable basis to believe what she says the scammers told her. And I currently find that she ought reasonably to have been aware that these were loans being taken out in her name which would need to be repaid. She then transferred the loan funds away herself.

As such, I cannot fairly or reasonably tell Santander to write off the loan's principal. This is a difficult message for me to give, and I know it's a difficult message for Miss T to receive. But given the evidence I have so far, and the balance of probabilities, I'm unable to reasonably reach any other conclusion.

With that said, even if Santander didn't make an error in lending the loan, they are required to treat customers fairly – including when Santander find out their customer has been victim to a cruel scam. I've currently found that Miss T was most likely tricked into taking out this loan and sending on the money under false pretences. She didn't benefit from the loan herself, so it would be unfair to ask her to pay its interest and fees on top. She's already lost out enough by having to repay the loan's principal, and Santander should ensure she's not penalised beyond that original loss by making her pay interest and fees. And, of course, Santander should generally not look to profit from a scammer's financial crime.

As such, I plan to direct Santander to waive the interest and fees and only hold Miss T liable for the loan's principal. I also plan to direct them to remove the loan from her credit file once she's repaid that principal. It's fair for it to remain on her credit file in the meantime, as it's a debt she owes and her credit file is intended to show potential lenders her debts. But given that Miss T was scammed into taking out the loan and didn't benefit from it, it seems fair that it should no longer continue to affect her after she's repaid the principal she owes.

Miss T also said she was lent to irresponsibly. That doesn't seem likely given the size of her salary and savings at the time, her additional expenses coverage and rental income, and her asset portfolio. There were underwriting checks, according to which she'd said she wasn't planning to change her income situation in the coming years, and according to which key figures were checked against her bank statements to verify she had sufficient disposable income. I accept Miss T may no longer be able to afford the loans, not least given that she subsequently sent the scammers her savings, took further borrowing, and then her health unfortunately suffered. But those things hadn't happened yet when she applied. In any case, I've not assessed this point in detail, because even if I accepted that Santander lent to her irresponsibly, the solution would be the same – for them to waive the interest and fees and only have her repay the principal. And I'm already planning to tell them to do that. Of course, Santander will need to deal positively and sympathetically with any current financial difficulty and arrange repayment based on what Miss T can afford.

Miss T pointed to another decision on another person's case, where we'd told the loan company to waive more than the interest and fees. But we look at each case on its own merits. For example, in that case we found that the consumer was unaware of the loan, whereas here I've found that Miss T either applied for the loan or was reasonably aware of it; and that other consumer's financial situation was considerably different to Miss T's. I've explained above why I've found that Santander can hold Miss T liable for the loan's principal in this particular case.

I said I'd consider anything else anyone wanted to give me – so long as I received it by 14 May 2025.

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.

Both parties accepted the provisional decision.

Miss T asked for clarity about when the loan would be removed from her credit file. To clarify, my direction is for Santander to remove the credit file entry once Miss T has paid off the principal amount of the loan (i.e. just what she borrowed, not any interest or fees).

Santander asked whether Miss T had been reimbursed in her scam claim with her bank. To confirm, we looked into two other cases about the banks involved in transferring the funds away. The banks were unable to recover the funds, and we found they were not liable for the loss. So unfortunately, she was not able to be reimbursed.

Other than that, neither side sent me any new evidence or arguments, and they otherwise accepted the previous decision. So having reconsidered the case, I've come to the same conclusion as before, and for the same reasons as set out in my provisional decision above.

Putting things right

I direct Santander UK Plc to:

- Waive the loan's interest and fees, and only hold Miss T liable for the principal of the loan. Repayments should be used to reduce the principal; and-
- Remove the loan from Miss T's credit file once she's repaid its principal in full.

My final decision

I partially uphold Miss T's complaint, and direct Santander UK Plc to do what I set out above.

If Miss T accepts the final decision, Santander UK Plc must carry out the redress within 28 days of the date our service notifies them of the acceptance.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss T to accept or reject my decision before 12 June 2025.

Adam Charles
Ombudsman