

The complaint

Mr R complains that TSB Bank plc is unfairly holding him liable for a £10,000 loan that he says he didn't apply for.

What happened

On 9 November 2024, TSB received an online loan application using Mr R's personal information.

After carrying out checks on the application, it was approved by the bank and the £10,000 proceeds were paid into Mr R's current account, which was also held with TSB.

On the same day, £5,000 was transferred to Mr R's own bank account with another provider, and on 11 November 2024, another £5,000 was transferred to a savings account.

Mr R contacted TSB on 11 November 2024 to explain he'd been the victim of fraud. He explained that he owed some people money and was coerced into taking loans out and giving the money to them under duress. Mr R raised a complaint, and in response TSB said:

- The situation would be deemed as a Police matter, so Mr R would need to contact them.
- It wouldn't be freezing the loan account, but if Mr R was experiencing financial difficulties due to the loan, he could speak with its relevant department for an affordability assessment where they could offer assistance/guidance.
- When assessing loan applications, it considers affordability, financial background and credit information, and it is with the benefit of such information it can make an informed decision.
- It was sorry Mr R had some difficulty with its fraud team, either with call waiting times or having the line cut off twice. It credited Mr R's account with £40 to apologise for this.
- If Mr R had incurred expenses as a result of the difficulties he encountered, he could send it supporting evidence so these can be reviewed.

Mr R remained unhappy as he doesn't think he should be liable for the loan. So he referred his complaint to our service where it was considered by one of our investigators. She didn't think it was fair to ask TSB to write off the loan, because she felt it was most likely Mr R applied for it himself and made use of the funds.

In response, Mr R reiterated that he had been the victim of fraud, and therefore he should not be held liable for the debt.

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.

Having done so, I've reached the same conclusion as our investigator, for broadly the same reasons. I've explained why below.

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 R has given conflicting accounts of who actually applied for the loan. He's told our service it wasn't him, as he was forced to hand over personal details so the third party could apply for the loan. But, I've listened to a call Mr R had with TSB on 11 November 2024 where he says:

'The loans that I've applied for are legit – well, not legit as I'm not happy but there has been no stealing of my information. I know I'll have to pay the loans back; I just want these guys to go away.'

In the wider context of the loan application, I'd like to thank Mr R for being so open with us about his situation. I understand Mr R owed someone money from a drug debt that he'd accumulated, and he was approached by someone who said he'd need to apply for a loan in order to pay this debt back. So it seems, whether Mr R applied for it himself or not, he was fully aware of the loan application and has said he was in the presence of the drug dealer when the application was made

Before the application with TSB, Mr R's details were also used to take out another £20,000 loan two days before, with a different lender. I understand this loan application has been considered by our service separately. The money from both loans was paid into Mr R's TSB current account, before it was moved on via different transfers and cash withdrawals. When questioned about the reasons for the transactions and withdrawals, Mr R said they were for home improvements as well as buying his daughter a car. On some occasions, the bank did question Mr R about his intentions with the money, but he says he was always with the drug dealer and therefore couldn't speak up or alert the bank. From the telephone calls I've listened to, I wouldn't have expected TSB staff members to identify that Mr R was being coerced or manipulated in any way. I know Mr R says that on an occasion when he was alone and tried to call the bank, he wasn't able to get through to tell the truth because the fraud department's hold times were too long. I appreciate what Mr R has said here, and the bank appears to have accepted that its call waiting times were excessive by paying Mr R £40 compensation. But I note that it was four days after the first, and two days after the second loan was taken out before Mr R alerted the bank to what had happened. I don't accept, that during that time, Mr R wasn't alone at any other point - TSB's telephone lines are open 24 hours. So, I find he could've alerted the bank sooner than he did.

Having said that, I was sorry to hear about the circumstances Mr R has found himself in. This can't have been easy for him at all. In view of the nature of the debt, I've no doubt that these people Mr R owed money too would've used underhand tactics in order to obtain their money. But, my role isn't to determine whether or not a crime has been committed. I know Mr R has reported the matter to the Police as well, as I've read his witness statement. I note Mr R believes the Financial Ombudsman Service is here to protect innocent people from being liable from fraudulent debt. But I need to be clear, as an independent service, my role as an ombudsman is to decide whether or not TSB is entitled to pursue Mr R for repayment of the loan, taking into consideration all of the relevant rules and regulations, to reach an impartial decision.

I recognise the conflicting accounts that Mr R has given as to what happened with the loan application. But on balance, and taking into consideration what he said to TSB as quoted above, I find it's more likely than not that Mr R did apply for the loans himself, having done so as he was worried about the consequences of not repaying his drug dealer. It follows that I find TSB is entitled to hold Mr R liable for the terms of the loan and the outstanding balance.

Mr R has raised concerns that after raising his fraud claim, TSB's customer service fell short of what he was expecting. He's said there was lack of updates, and instead of responding to his complaint, it continued to chase him for repayment of the loan – which he says was unacceptable and impacted his mental health.

I recognise that this is a sensitive matter for Mr R, but even though he'd raised a fraud claim and a complaint, TSB was still entitled to pursue him for missing payments towards the loan. He was still bound by the terms of the loan, regardless of a dispute. So I can't say that TSB made any mistake by contacting him about repayment of the debt. I understand the debt has now been passed to a debt recovery company due to non-payment. They have a duty to treat situations of financial hardship positively and sympathetically, and I'd encourage Mr R to speak with them as soon as possible to discuss his financial situation.

In relation to the customer service issues, I recognise TSB could've provided its final response to his complaint sooner than it did (20 February 2025). But Mr R himself has told us that the bank sent him letters keeping him updated, which is what I would've expected it to do. I note it's apologised for the delay and paid £40 to apologise for its call waiting times, and I find this appropriate in the circumstances.

Overall, whilst I find TSB could've responded to Mr R's complaint sooner than it did, I don't think it made any mistake holding Mr R liable for the loan. This is because I'm satisfied he applied for it himself, and made use of the funds – albeit for illicit purposes. It follows that it's entitled to pursue him for repayment of the outstanding balance.

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 R to accept or reject my decision before 14 October 2025.

Lorna Wall
Ombudsman