

## **The complaint**

Miss B complains that The Enterprise Fund Limited (trading as GC Business Finance) have held her responsible for a loan she says she didn't take out. She'd like the business to agree that she doesn't owe the money.

## **What happened**

In November 2021 GC Business Finance sent £14,900 to Miss B's personal bank account. The loan was paid for eight months via a Direct Debit from the same bank account, but after this the payments stopped and the loan fell into arrears.

Miss B has told us:

- She had a short relationship with a person I'll refer to as Mr D, and she believed he had taken out the loan without her knowledge.
- Prior to the loan she had lent Mr D money using her own funds.
- When the funds had arrived in her account, she believed they were for Mr D and passed them on to him. He had told her to keep £1,900, as he still owed her money.
- She believed that the Direct Debit payments were for storage facilities, and that Mr D had said he would reimburse her.
- When she had discovered the loan, she initially wanted to resolve the matter amicably with Mr D, who had not denied responsibility for the loan. She said for a year afterwards he had been telling her his solicitors were looking into it.
- Mr D had tried to contact GC Business Finance to take responsibility for the loan, but they hadn't agreed to discuss this with him.

GC Business Finance told us that they believe Miss B was aware of the loan and was involved in managing it. They said:

- They had carried out the relevant electronic checks before lending.
- Miss B had contacted them about changing the Direct Debit from her personal account to a business account, which indicated she was attempting to manage the loan.
- The loan proceeds were deposited directly into her bank account, and there was no evidence of fraudulent activity on her account.
- Loan repayments were made directly from her personal account, which she must have noticed.
- The signature on the fraud declaration Miss B signed in 2024 matched a letter they received in 2022 – when Miss B says she was unaware of the loan.

When the case was referred to our service, one of our investigators thought that on balance the complaint should succeed. He reasoned that the Mr D could have used Miss B's personal details to apply for the loan, and wasn't convinced the contact details supplied matched Miss B's. He felt Miss B had shown that she'd sent funds to Mr D before the loan, and had transferred the funds to Mr D when arrived. He thought Miss B's explanation for allowing the Direct Debit payments, and delaying reporting of the loan, was plausible. So,

overall he thought that GC Business Finance ought to stop pursuing Miss B for the loan, and refund any payments made above the £1,900 which she had had use of.

This was accepted by Miss B. But GC Business Finance disagreed. They said that in a phone call in 2023 she had said she was no longer part of the business. And they found a record of her being involved in a community interest company at the time of the loan application. They thought that the evidence that Mr D took out the loan was only based on Miss B's version of events. They instead offered to recall the loan from their collections agency, set up a repayment plan, remove adverse information about the loan from Miss B's credit file and freeze all remaining interest. Miss B declined this, saying she felt strongly she did not take out the loan. The investigator still felt his outcome was fair and reasonable.

As no agreement could be reached, the complaint has been passed on 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.

The summary I've given above is brief. I want to assure both parties I don't mean any discourtesy by this – it's intended to reflect our service's role as an informal alternative to the court system. I have read and considered everything on file related to this case. If I don't mention something in particular, it's not because I've haven't considered, but rather because I have chosen to concentrate on what I consider to be the key issues.

Where the evidence is incomplete, inconclusive, or just contradictory, I have to reach my decision on the balance of probabilities. Broadly, what I consider to most likely to have happened, given the evidence available to me and the wider circumstances.

As a starting point, Miss B shouldn't generally be held responsible for a loan she hasn't agreed or consented to – although there may also be reasonable reasons to ask her to pay some of the capital balance. So, the key question for me to consider is whether Miss B knowingly entered into the loan agreement or gave someone else authority to do so.

The evidence from the application doesn't persuade me that Miss B carried out the application herself. The application was made online, so there was no direct contact with Miss B. Her correct personal details were used, but broadly I accept that the information used would have been known to Mr D. And the contact details given – a phone number and an email address – don't have any clear links to Miss B. The email address given did correspond with GC Business Finance, but the emails themselves are signed off by Mr D. So, we know he had access to this email address. There is nothing else in the application that is specific enough to Miss B that only she could have known. So, on balance I'm not persuaded that she applied for the loan.

However, I've also considered whether she agreed for Mr D to use her details to apply for the loan. If she had given him the authority to do so, either actual or apparent authority, then it may be reasonable for GC Business Finance to hold her responsible for it. She denies that she agreed to this.

I've seen Miss B's bank statements, and the loan was clearly deposited with her. She moves them of to Mr D the same day – less the £1,900 that she says he owed her. This does suggest she was aware the loan would be arriving. She's also demonstrated that she made at least eight other transfers to Mr D between April 2020 and the loan being deposited. So, at the time there was an existing relationship where Miss B would send money to Mr D, and

she clearly trusted him. It also helps explain why she kept the £1,900, as this was money she believed he owed her.

Miss B says Mr D told her the loan funds were for him – although clearly the transfer was marked as from “Enterprise Fund GC Business Finance”. The Direct Debit payment had the same reference, despite Mr D telling her it was for business storage. She could reasonably have put the two pieces of information together. However, given that there was clearly a close and trusting relationship between Miss B and Mr D I can see how she may have been persuaded by his explanations.

Given the context of this relationship, I find Miss B’s explanation of why she didn’t report the loan as fraudulent initially plausible. I understand GC Business Finance’s point that they may expect her to be more upfront with this allegation, instead of trying to arrange a transfer of the loan to Mr D. I don’t think that when people are in a close relationship, which later turns sour, they won’t always behave rationally or in their best interest. Certainly, I agree that she’s not helped matters, but she was trying to move the loan responsibility out of her name. Which would be expected if she hadn’t agreed to take the loan. I don’t necessarily see this as indicative that she knew about the lending from the onset.

Miss B has supplied messages where she discussed the loan with Mr D after receiving letters about arrears from GC Business Finance. I’ve been given no reason to doubt that the messages are genuine. And from them, my reading is that she was unaware of the loan.

I do note that GC Business Finance’s has said when Miss B was contacted by their collections agency, she said she hadn’t taken out the loan, but we trying to resolve this directly with Mr D – which is the same thing she’s told our service. So, she has been consistent on this point.

I’m also mindful that if Miss B had knowingly taken out a loan with GC Business Finance, and then got into a dispute with Mr D about the use of these funds, then cancelling the Direct Debit doesn’t help her. She would always know she would be expected to repay the balance, and that by cancelling the Direct Debit it’s likely for her to end up in arrears.

Miss B has shown she funds of the loan amount to loan to Mr D, should she have wanted to. So, it doesn’t appear to make a great deal of sense to borrow money to lend to Mr D. And at the point of the loan going into arrears she could have repaid the loan in full, to avoid any markers to her credit file. That she didn’t tends to suggest that she is genuine in her belief that she is not responsible for the loan.

I’m also not persuaded by GC Business Finance’s argument about Miss B’s involvement in the CIC. It doesn’t follow that this means she applied for personal lending to fund the CIC, which is the crux of the argument here. GC Business Finance have also relied on the two letters with signatures that match – the letter from 2022 asking for a Direct Debit form and the fraud declaration from 2024. I agree the signatures are similar, but I’m not sure I can draw any specific conclusions from this. I would also note that neither signature is from the point of sale. The electronically signed signature on the loan documents is significantly different from both.

I’m not entirely discounting the possibility that Miss B could have allowed Mr D to use her details to make the application – but as explained, the evidence from the point of sale that Miss B was involved in applying for the loan is not clear, and not as verifiable as GC Business Finance believe it is. I’ve found Miss B’s explanation of what happened to be plausible, and persuasive – and I think crucially that while she likely became aware of the loan earlier than she reported it as fraudulent, I’m not persuaded that it’s more likely than not she applied for or agreed to enter into the loan agreement.

As such, I don't see that it's reasonable for GC Business Finance to hold Miss B responsible for this agreement. As such they should stop pursuing her for repayment of the loan, and remove any information about the loan from her credit file.

She retained £1,900 of the proceeds, and it's right that she repays this amount. Based on the value of the repayments made by the Direct Debit I see that it's likely she already has – so anything she has paid above this GC Business Finance should refund to her.

### **My final decision**

My final decision is that I uphold this complaint and direct The Enterprise Fund Limited to:

- Stop pursuing Miss B for repayment of this loan
- Refund her any repayments she made towards the loan above £1,900
- Amend Miss B's credit file to remove any information about the loan or searches

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 5 December 2025.

Thom Bennett  
**Ombudsman**