

The complaint

Mrs B is unhappy Raylo Group Limited is holding her liable for a hire agreement she says she didn't take out.

What happened

Mrs B received a games console bundle through the post in January 2025. She says she didn't buy the console, which was paid for with a 12 month hire agreement through Raylo, taken in her name. She contacted Raylo saying the agreement was fraudulent.

Raylo investigated the claim but said it didn't think the agreement was fraudulent, because all Mrs B's details were correct on the application. It said it had carried out an open banking check, approved through Mrs B's banking app – and Mrs B had provided a PIN the courier at delivery, sent to her mobile number. However, it agreed Mrs B could return the console using a pre-paid label and it would unwind the finance agreement.

Mrs B says she received a QR code to return the console, and the link on the code directed her to a local parcel locker. She says she left the parcel in the locker but didn't print out or attach a postage label to the parcel. Raylo says the console didn't arrive back and as Mrs B didn't follow the returns process correctly it now can't claim for the lost console with the courier. So, it's continued to hold Mrs B liable for the monthly hire payments.

Mrs B complained and brought the matter to our service. Our Investigator didn't uphold the complaint. She said the application was made with Mrs B's correct personal details and needed authorisation through her banking app, so it wasn't unreasonable for Raylo to hold her liable for the hire agreement. She also said it wasn't unfair for Raylo to continue to charge her as she didn't follow the instructions on the returns label provided.

Mrs B didn't accept the outcome, saying she didn't authorise the purchase and disputing she'd made a mistake when returning the console. She said she had expected another parcel that day and thought the PIN was for her own order, not a package from Raylo. She also said the QR code instructions told her to send the parcel via the locker and even though she hadn't attached the postage label it still had her own address on the packaging. As she didn't agree, the case has been passed to me for a final decision.

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 agree with the outcome reached by the Investigator – and I'll explain why.

My role is to decide if Raylo is acting fairly and reasonably by holding Mrs B liable for the hire agreement she says she didn't take out. I need to consider the available evidence from the application and delivery of the goods as well as what happened after Mrs B reported the agreement as fraudulent.

The hire agreement in dispute runs for 12 months, with the capacity to run for longer, return the goods or purchase them. Mrs B says she didn't enter into the agreement, but as Raylo has tried to recover payments from her, this means she is eligible to make a complaint about it.

Raylo says it received an application for the hire agreement in Mrs B's name, with the same details she's confirmed in her complaint. This includes her postal address, email address and mobile number. During the application process, Raylo says it verified these details through credit report data and linked to Mrs B's bank account via an Open Banking request – this required the applicant to confirm the request through the banking app for Mrs B's account. Raylo's provided a screenshot of the request, which shows the applicant would have seen the bank had a request to share data with Raylo.

Once Raylo completed its checks, it says the hire agreement was sent to the email address Mrs B has used to make her complaint. The agreement then required an electronic signature before the console was sent out. Raylo says this means the applicant needed to have access to Mrs B's online banking app and her personal email, in order to complete the sale. Raylo has also added that Mrs B provided the courier with a PIN, which it sent to her correct mobile phone number, as security for the delivery.

Mrs B says she didn't buy the console or take out the agreement, but she's not been able to explain how someone else could've completed these steps without her knowledge. So, in the absence of any other evidence or information, I think it's reasonable for Raylo to have concluded the application was either made by Mrs B or with her authority and/or knowledge.

I understand Mrs B says she thought the courier's PIN was for another parcel she was expecting and this is why she accepted the parcel. I don't know more about the parcels Mrs B was expecting, or if the courier's message explained the PIN was for a Raylo parcel. But as it isn't in dispute that Mrs B provided the PIN and received the console, I think it's reasonable for Raylo to say Mrs B was responsible for the console and its safe return.

Mrs B says she has now reported this as fraud to the relevant agencies, but I don't think there's sufficient evidence to show Raylo has acted unfairly by holding her liable for the agreement. I'm persuaded Raylo took proportionate steps to verify the application, and I don't think it ought reasonably to have thought there was a problem when it approved it. Having considered the available evidence, I don't think Raylo has done something wrong here.

Despite this, Raylo agreed that Mrs B could return the console and it would unwind the agreement, as a gesture of goodwill. I think this was a fair step for Raylo to take to try and resolve the dispute in a pragmatic way. Raylo sent Mrs B an email with a QR code to return the parcel via the postal service and this included instructions.

Mrs B says the QR code directed her to post the parcel at a local locker, but I disagree. The instructions on the code she shared with us say:

- The QR code could be used at a local Customer Service Point, which supports Print prepaid postage label / Labels to Go.
- Mrs B could follow a link to the "Services Near You" page, instructing her to "select Delivery/Post Offices and filter by Print returns label"
- Mrs B had to show the QR code to the assistant at the Customer Service Point on a smartphone or tablet.

From the testimony Mrs B provided, it seems likely she followed the link on the QR code but didn't filter the locations as directed. She then took the parcel to the nearest location, which was a parcel locker, and scanned the returns label code to put the parcel inside but hadn't printed or attached a copy of the postage label to the parcel. When she tried to get the parcel out of the locker a few days later, this wasn't possible.

As Mrs B hasn't followed the instructions Raylo gave her to return the parcel, I don't think it's unfair for Raylo to continue to hold her liable for the cost of the goods. Mrs B had a reasonable responsibility to take care of the goods that belonged to Raylo and hasn't sent them back in a way Raylo could track them or claim for the lost value. Raylo has also shown us it searched for the console in its returns centre using the serial number, but it isn't there. So I think Raylo has lost out on the value of the goods it supplied in good faith to Mrs B, as they weren't returned correctly.

On balance, I don't think there's sufficient evidence to show the agreement was taken out without Mrs B's authority, and I can't agree Mrs B has followed the returns process Raylo provided as a gesture of goodwill. So, as the goods haven't been received by Raylo, I don't think it's unreasonable for it to continue to seek payment from Mrs B.

It may be possible for Mrs B to enquire with the local post service about whether it can search for the console in unclaimed or lost parcels for the locker she used. If Mrs B is able to find the console she should contact Raylo directly to discuss a way forward with the agreement and goods.

What will happen at the end of the initial 12-month term?

As the agreement is a hire agreement, the terms and conditions say it can be extended or the goods can be returned, or purchased, after 12 months. However, Mrs B says she doesn't have the goods.

I asked Raylo to confirm what would happen after the initial 12-month term if Mrs B doesn't want to continue with the payments. It says Mrs B can pay a non-return fee, relating to the cost it would incur to replace the console in its inventory – or purchase a matching replacement console and return this instead. Raylo says the agreement instalments would no longer become due once the agreement is cancelled and it would waive these as a goodwill gesture if Mrs B opts for either option.

I think this gesture goes beyond what Raylo needs to do here, so if Mrs B wants to pay off the agreement in this way, she should reach out to Raylo to discuss it further. I'd also encourage both parties to work together if the repayments aren't affordable for Mrs B.

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 Mrs B to accept or reject my decision before 3 March 2026.

Hannah Dunkley
Ombudsman