

The complaint

Ms A complains that North Edinburgh and Castle Credit Union Limited trading as Castle Community Bank (CCB) are pursuing her for a loan she didn't agree to and which was unaffordable. Ms A wants the loan to be cleared and interest and charges to be removed.

What happened

The circumstances of this complaint are well known to both parties, so I will not repeat them all again here in detail. But I will provide an overview of events below.

Ms A disputes a loan that was taken out in her name in June 2022 for £20,000. Ms A says a former partner took out the loan and told her he would pay her back. She would like CCB to write off the loan and remove it from her credit file.

Ms A raised this matter with CCB asking it not to hold her liable for the loan. As CCB declined to do this, Ms A raised a complaint which she referred to our Service.

One of our Investigators considered the complaint but decided not to uphold it. They said that it was more likely than not that Ms A was aware of the loan and agreed to take it out. They added that CCB didn't treat Ms A unfairly by offering the loan to Ms A on affordability grounds.

Ms A disagreed and asked for an Ombudsman's review. In summary she said the loan was unaffordable as the income declared on the application wasn't hers and provided evidence to show she was being financially supported by her mother. Ms A said that CCB's checks were not robust enough.

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'm not asking CCB to do anything further, and I'll explain why.

But first, I would like to say at the outset that I have summarised this complaint in far less detail than the parties involved. I want to stress that no discourtesy is intended by this. If there is a submission I have not addressed, it is not because I have ignored the point. It is simply because my findings focus on what I consider to be the central issues in this complaint.

Where the evidence is incomplete, inconclusive, or contradictory (as it is here), I have to make my decision on the balance of probabilities – that is, what I consider is more likely than not to have happened in the light of the available evidence and the wider surrounding circumstances.

The first issue I need to decide in this case is whether Ms A consented to the £20,000 loan being taken out in her name. To decide this complaint, I need to consider whether Ms A

willingly applied for this loan and its terms and conditions. And whether CCB has treated her unfairly by holding her liable for the total amount. I've also carefully considered carefully what Ms A has told this service about her abusive relationship.

From the evidence that's been provided I can see the loan was taken out in Ms A's name and paid into her bank account in June 2022. The application was completed via an online portal with Ms A's e-mail address (the same used for this service) being used to make the application. I note that a picture of Ms A holding her ID was used to make the application and in a phone call to CCB in April 2024 she mentions that she signed the loan application.

As a result of the above, I'm satisfied it was Ms A that agreed to take out the loan and agreed to be bound by the terms and conditions of the agreement. I understand what Ms A has said to this service about her reasons for taking the loan out. But although I do have sympathy for her personal circumstances, I think CCB hasn't treated her unfairly by holding her liable for the outstanding amount.

Ms A has also expressed concerns about her eligibility for the loan. Having thought about this carefully, even if I held that CCB should not have lent to her – it does not follow that the loan should be 'written off'. I say this because regardless of whether CCB should have lent to Ms A, this does not negate the fact that she approved the loan.

Firstly, Ms A's agreement is exempt from the usual Consumer Credit regulations. But this agreement does fall under the Financial Conduct Authority's (FCA) Credit union Sourcebook (CREDS). The FCA's rules state that CCB's lending policy should check whether a loan is sustainably affordable for Ms A as well as checking her creditworthiness.

Having considered the above, I don't agree that the loan was unaffordable to Ms A based upon the information that was provided to CCB in the application. I can see CCB reasonably checked the information that was provided on the application with a credit reference check. And on the application Ms A's salary was disclosed as £35,000pa. This salary and her net monthly income were reasonably checked against her credit file and her other financial commitments, and the monthly repayment was reasonably deemed affordable. The monthly loan repayment was £528.44, and CCB reasonably considered Ms A to have around £804 in spare income once her other credit commitments had been considered. As a result, I'm satisfied that from the information Ms A supplied on the application the loan was reasonably considered affordable to her at the time.

Ms A said that further checks should've been completed of her bank statements. But I don't think this would've more than likely made CCB consider the loan was unaffordable. Ms A's salary was paid into her bank account which would've easily been verified by CCB. I note Ms A said she didn't receive the salary from her ex-partner's business. But I wouldn't have expected CCB to have reasonably uncovered that based upon the reasonable checks it completed. And this salary was paid into Ms A's account anyway so would've been visible upon further verification.

As a result of the above, I can't say CCB has treated Ms A unfairly by asking her to repay the loan.

I know this will not be the outcome Ms A was hoping for and she will be disappointed with the decision I've reached. I understand this has been a very difficult experience for her. But this final decision ends what our service can do for her.

My final decision

My final decision is that I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms A to accept or reject my decision before 20 February 2026.

Mark Dobson
Ombudsman