

The complaint

Mr B complains that North Edinburgh and Castle Credit Union Limited trading as Castle Community Bank (CCB) are pursuing him for a loan he didn't agree to. Mr B wants the loan to be cleared and interest and charges to be removed.

Mr B is being supported in making the complaint, but for ease, I'll only refer to Mr B below.

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.

Mr B disputes a loan that was taken out in his name in July 2024 for £10,000. Mr B says a scammer took out the loan in his name without his knowledge.

Mr B raised this matter with CCB asking it not to hold him liable for the loan. As CCB declined to do this, Mr B raised a complaint which he referred to our Service.

Our Investigator said that Mr B more likely than not was aware of the loan because he made various attempts to make payments towards the scam from the bank account that received the loan funds.

Mr B disagreed and asked for an Ombudsman's review. He said he didn't sign for any loan and doesn't drive a car (reason for needing a loan on the application). He said he was told what to say to his bank in order for the money to be sent to the scammers.

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 Mr B consented to the £10,000 loan being taken out in his name. And whether CCB has treated him unfairly by holding him liable for the total amount.

From the evidence that's been provided I can see the loan was taken out in Mr B's name and paid into his bank account on 01 August 2024. The application was completed via an online portal with Mr B's e-mails address (the same used for this service) being used to make the application. After CCB completed checks with credit bureaus and reviewed Mr B's payslips, it paid the money into a bank account in Mr B's name.

Mr B has asked for a copy of his signature to confirm that it wasn't him who signed for the loan. But the loan and signatures were completed electronically via Mr B's e-mail address. And just because Mr B doesn't drive doesn't prove that he didn't apply for the loan, nor does it mean that CCB have done anything wrong here.

After the funds arrived in Mr B's bank account, he made numerous attempts to pay the £10,000 from his bank account to the scam. This included calling the fraud department at his bank where he was asked where the loan had come from. Mr B said it was a community finance loan. He was also asked to go into branch with identification which he did.

I've considered Mr B's personal circumstances and the submissions he's provided. Although he has my sympathy for what happened to him, I don't agree that the evidence suggests he had no knowledge of the loan being taken out and then those funds sent on the scam. Nor does it show CCB should've been reasonably aware of this at the time of the application. So, I'm satisfied that Mr B has applied for this loan and was happy to accept liability for the funds when he followed the scammers instructions on what to say to his bank so that the funds could be sent towards the scam.

As a result of the above, I can't say CCB has treated Mr B unfairly by asking him to repay the loan.

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

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 Mr B to accept or reject my decision before 20 May 2026.

Mark Dobson
Ombudsman