

complaint

Mr V complains that Bank of Scotland plc (trading as Halifax) allowed a loan to be taken fraudulently in his name and then withdrawn from his account.

background

Mr V says that Halifax issued a loan after a fraudulent application was made in his name. He says the fraudster then accessed his current account to withdraw the money, using a new debit card issued by Halifax. In the circumstances, he does not consider that Halifax is entitled to expect him to repay the loan.

Halifax said it did not accept the loan had been arranged or withdrawn fraudulently, and so continued to hold Mr V liable to repay it. As things were not settled, Mr V brought his complaint to this service where one of our adjudicators investigated it.

From the evidence, the adjudicator did not consider that Halifax had acted incorrectly – and so did not recommend that the complaint should succeed. Mr V did not agree and said, in summary:

- He has read online that it is easy to steal someone's identity. So that's how the fraudster got his personal information.
- He did not monitor his account during the relevant time, and if the account was monitored then he would need to see proof that it was him doing it.
- This is not the first time this has happened, and he does not understand why Halifax processed the loan so easily and without getting him to prove his identity.
- Halifax sent out a replacement card, and approved the loan, without his authority. He has not been careless; it is Halifax that did not have sufficient security in place.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Mr V says that a third party applied for the loan without his authority, and then went on to remove the loan proceeds from his current account using a new debit card – again, without his knowledge or authority. He says all this was made possible by the third party reporting his original debit card as lost or stolen and getting a replacement card and PIN.

It's clear that whoever phoned Halifax to apply for the loan already had a lot of personal information about Mr V including, though not limited to, information about his finances and bank account.

Once the application had been made, Halifax sent the paper loan agreement to Mr V's address for signature and return. As the agreement was signed and sent back, it seems that whoever applied for the loan also had access to Mr V's post.

The money from the loan was put into Mr V's Halifax current account on 1 June 2016 – but the loan application had already been made *before* Mr V's card was reported lost or stolen on 26 May.

The day after that, a new PIN was requested. I'm satisfied that a new card and new PIN were dispatched to Mr V's home address on separate occasions. So whoever obtained the card and PIN clearly had ongoing access to Mr V's post.

Halifax sent Mr V a text message on 26 May to thank him for reporting his card as lost or stolen. There is no indication that Mr V questioned that message – even though he says he still had his original card in his possession and had *not* reported it lost or stolen.

Mr V previously monitored his accounts frequently, using the mobile banking app. He used the app as normal on 27 May but then did not use it at all for the rest of May or the whole of June, when the loan proceeds were deposited and then withdrawn over time.

At the beginning of July, Mr V resumed monitoring his accounts as before – and the audit trail shows that, when he did so, he looked at the £20,000 loan account as well as at his other accounts. Yet I have seen no persuasive evidence that he raised any objection to the loan until almost three months later.

After very careful consideration of the evidence, I find that it does not support Mr V's case that a third party obtained and use the loan proceeds without his knowledge or authority.

I find, on a balance of probabilities, that Mr V either made or authorised the disputed loan application and debit card transactions. It follows that Halifax is entitled to ask Mr V to repay the borrowing.

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 V to accept or reject my decision before 14 March 2017.

Jane Hingston
ombudsman