

Complaint

Mr R is unhappy that Madison CF UK Limited (trading as “118 118 Money”) have held him liable for a loan he says was taken out fraudulently.

Background

In May 2018, a loan application was made with Madison. It was approved and the proceeds of £3,500 were paid into a bank account controlled by Mr R. He told us that this bank account wasn't his main account. Most of his account activity was with a current account he held with a different bank.

He's said he didn't make the loan application and so Madison shouldn't hold him liable for the repayments. He's pointed out that key information that was collected as part of the application process was incorrect. He's also pointed out that it's quite clear from the phone call he has with Madison about the loan, that the person making the call wasn't him. Mr R made a separate complaint to this service about the fact that payments from that current account were processed by his bank. That complaint was looked at separately by another ombudsman who concluded on balance that it's likely Mr R did authorise those payments.

This complaint was looked at by an Investigator who didn't uphold it. The Investigator noted that the proceeds of the loan were paid into his account. As we'd separately concluded that he'd authorised the spending on that account, the Investigator thought it was fair and reasonable for Madison to hold him liable for the repayments. Mr R disagreed with the investigator's opinion and so the complaint has been passed to me to consider and reach a final decision.

Findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. And having done so, I've come to the same conclusion as the Investigator and for broadly the same reasons.

I don't doubt or disbelieve Mr R when he tells me that he wasn't responsible for the loan application. But any decision I reach must be supported by the available evidence. The evidence that's available to me here isn't definitive— it's inconclusive and unclear. In those circumstances, I must decide this case on the balance of probabilities.

There are clear indications in the evidence that Mr R may not have been the individual responsible for making the loan application. As he's pointed out, some of the details collected at the application stage were wrong and Madison spoke to someone as part of the application that sounds very unlike Mr R.

However, a fraudster who applied for a loan in Mr R's name and had the funds paid into his account would need to compromise the security of that account in order to take advantage of the fraud. From what Mr R has told us, there's no plausible explanation as to how the security of his account could've been compromised. He's said that he lost his card, but he didn't share his PIN with anyone, write it down and was generally careful about making sure it couldn't be observed if he was using the card.

Even if Mr R's card incidentally fell into the wrong hands, it wouldn't have enabled a third party to use his account to carry out a fraud of this kind. There's a similar difficulty with the fact that some of the transfers from this account required access to his online banking and there's no coherent explanation as to how a fraudster could've obtained his security credentials to do so.

The use of the current account after this loan was paid in also wasn't suggestive of the account being used by a fraudster. In most of the cases we see, a fraudster will look to move on any proceeds as quickly as possible to minimise the risk of detection and access to the account being prevented. I've looked at the statements for account and that isn't what happened here.

Mr R has pointed out that there were 2 other loans taken out at the same time and those lenders have chosen to write off the debts. I don't know what motivated them to take that action, but I'm afraid it doesn't automatically follow that Madison has to do likewise.

I can't know for certain what happened, but I'm satisfied that the weight of the evidence supports Madison's position that Mr R was responsible for or benefitted from the loan application. It follows that I think it's reasonable for it to hold Mr R responsible for the repayments.

Final decision

For the reasons I've explained above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 10 October 2021.

James Kimmitt
Ombudsman