

complaint

Mr A complains that Arrow Global Limited has pursued him for the outstanding balance on an account which was opened fraudulently in his name.

background

When Mr A began receiving payment demands from two separate credit card providers for debts he did not recognise, he wrote to both providers to say that he believed he had been the victim of a fraud and that the credit cards had been taken out in his name without his knowledge.

Both accounts had been opened with his details using his previous address. He believed some personal identification documents had been wrongly posted back to this address after he moved and they had been used to impersonate him.

The provider of the first credit card investigated his concerns and confirmed that the account had been opened by another party using Mr A's details. This provider then removed all links between it and Mr A from his credit file and recorded the details with CIFAS, the fraud prevention service.

This credit card had been used as identification when the second credit card had been applied for. The provider of this card also investigated Mr A's concerns but said it was satisfied that the details on the account matched Mr A and that he was liable for the outstanding balance on it. It defaulted the account when no payments were made towards it and this information was registered against Mr A.

Arrow Global then acquired the debt from the credit card provider and continued to report the default. It contacted Mr A to arrange a repayment plan for the outstanding balance owed.

But Mr A complained and disputed that the debt was his. He asked that Arrow Global not contact him any further.

Arrow Global said that the credit card provider had not agreed that the account was opened fraudulently and so it was satisfied that Mr A was liable for the repayment of the balance. Mr A was then contacted by Arrow Global's solicitors about repayment options.

Our adjudicator recommended that the complaint should be upheld. She said that Mr A had shown that he had been the victim of identity theft for the first credit card and did not agree that its provider had not confirmed that the account had been opened fraudulently. She therefore concluded that the fraudulently opened account had been used to set up the credit card in question. She said that Arrow Global should write off the debt and remove any reference of it from Mr A's credit record. She also said that Arrow Global should pay Mr A £150 for his distress and inconvenience and for not investigating the complaint fully.

Arrow Global did not accept the adjudicator's findings. It said it did not believe that the previous credit card provider had confirmed that the account had been opened fraudulently. It said that payments had been made to the credit card in question, which was not the typical behaviour of a fraudster, and Mr A's claim was investigated and rejected by the provider's fraud department. Arrow Global did not agree that it should be liable for any compensation payment to Mr A.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

I do appreciate the position here, with Mr A believing himself to have been a victim of fraud, and Arrow Global acquiring this debt on the basis of the information given by the credit card provider.

Arrow Global has told us that payments were made to the credit card. I accept that this does not typically represent the involvement of a fraudster. It is possible though that a fraudster may choose to take the minimum action to continue to perpetrate the fraud and prevent its discovery, such as making token payments towards the credit card.

The credit card in question was opened using the previous credit card as identification. The balance from the first credit card was then transferred to the second. Both accounts were opened using Mr A's previous address details, and I understand that he had moved from that address sometime before either card was applied for.

At my request, the adjudicator has clarified the circumstances of the fraud investigation carried out by the provider of the first credit card. The provider said that it was satisfied that Mr A had been the victim of identity theft and that it was not Mr A who applied for the credit card using his details. It said that the account had been fraudulently opened without Mr A's knowledge.

I have also clarified the details with Arrow Global of the findings of the fraud investigation of the second credit card provider. It said that Mr A's details corresponded with those of the account holder and the identification used was the other credit card. A balance transfer from that credit card had also verified Mr A's details.

In these particular circumstances, I am not satisfied that Mr A should be responsible for the debt accumulated on the credit card when that debt was the transfer from a credit card that has been confirmed as being set up fraudulently and by someone impersonating Mr A.

my final decision

My decision is that I uphold this complaint. I require Arrow Global Limited to:

- stop pursuing Mr A for the repayment of this debt, and to write it off;
- arrange for any records of this debt against Mr A to be removed from his credit file;
- pay Mr A £150 for the upset and inconvenience he has been caused as a result of being asked to pay a debt that he had always disputed.

Cathy Bovan
ombudsman