

## **complaint**

Ms C complains that Valour Finance Limited is seeking payment from her of a loan she says she didn't take out and didn't agree to. Valour Finance Limited trades in this case as Savvy.co.uk.

## **background**

In February 2019 Savvy.co.uk received an application for a loan, apparently from Ms C. The loan of £700 was approved and paid into Ms C's bank account. A number of withdrawals were then made from the account, she says without her authority.

The loan was to be repaid weekly over the following twelve months. Ms C's bank statement indicates that one payment was taken, but that her account was then closed and Savvy.co.uk was unable to take any more.

Ms C told Savvy.co.uk that she hadn't taken out the loan. She said her former partner had done so. He'd taken out other loans with other lenders as well, and had gained access to her bank account.

Savvy.co.uk didn't accept that Ms C wasn't involved. It said it had carried out detailed checks before agreeing the loan and was satisfied it was dealing with Ms C. It required her to repay the loan in line with its terms.

Ms C complained to this service. She said that her former partner had taken out several loans in her name. She also told us that she had been abroad when the loan had been taken out, that her former partner had admitted to what he had done and that she hadn't been able to get a refund from her bank of the money removed from her account – since she hadn't taken proper care of her card.

One of our investigators considered what Ms C and Savvy.co.uk had said and the information and evidence they'd provided. She didn't think that Ms C had taken out the loan. It wouldn't therefore be fair to hold her to the terms of the finance agreement. But, because the loan had been paid into Ms C's bank account, it wasn't unfair for Savvy.co.uk to seek repayment of the capital balance of the loan.

Ms C accepted the investigator's recommendations, but Savvy.co.uk didn't. It maintained that it had carried out proper checks before agreeing to the loan. It questioned too whether Ms C had reported the matter to the police. It asked that an ombudsman review the case.

## **my findings**

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, however, I've reached the same overall conclusions as the investigator, and for similar reasons.

The loan application was made through the Savvy.co.uk website. That meant there was no face-to-face contact and that the loan agreement was signed electronically. Savvy.co.uk has explained in some detail the checks it carried out before agreeing to the loan. They included, for example, telephone numbers, employment information and banking details. But the main issue I have to consider here isn't whether it carried out sufficient checks (for example, to meet its own or regulator's requirements), but whether in fact Ms C took out the loan herself or agreed that someone else could take it out in her name.

The investigator wasn't persuaded that Ms C did take out the loan. Ms C had demonstrated by providing flight confirmations that she was not in the UK at the time of the application and agreement. Since the loan was taken out online, it's still possible that Ms C did take it out. But the investigator also noted that some of the questions that Savvy.co.uk asked over the telephone when it verified the application were not answered correctly or confidently. Having listened to the call, she didn't believe that Savvy.co.uk was dealing with Ms C.

I note as well that neither the mobile phone number nor the email address provided in the application match those which Ms C provided to this service. Of course, she may have changed them later; but it's also important to note that somebody else could have used different contact details, and Savvy.co.uk wouldn't have known if they were Ms C's or not.

I think it very likely that most of the information Savvy.co.uk asked in the course of the loan application would have been known to a former partner. But, as I've explained, not all the questions were answered correctly. So I agree with the investigator that, on balance, it's more likely that someone other than Ms C took out the loan.

I'll comment too on Savvy.co.uk's argument that Ms C should report this matter to the police. As I've explained, the main issue here is whether in fact Ms C took out the loan. I can see that reporting the matter to the police might lend credibility to her case that she didn't, but no more than that. And, even if she had reported this to the police, that would not show she wasn't involved. I don't find this issue particularly persuasive in this case.

I'm not persuaded either that Ms C knew or agreed to someone using her name and details for the loan. I think it was taken out without her knowledge or authority. The general principle in such a case is that the lender cannot properly request repayment of the loan from the person it wrongly believes to be the borrower.

However, I cannot ignore the fact that Ms C has had the loan money – in the sense that it was paid into her bank account. I agree with Savvy.co.uk that it can't be held responsible for what happened to the funds after that. It wouldn't be fair to treat Ms C as if she had no benefit from the money, even if that benefit was quickly removed from her by subsequent events – in this case, the compromise of her bank account. She should therefore be treated in much the same way as she would be if, for example, money had been paid to her by accident.

For these reasons, I agree with the investigator that Savvy.co.uk should not hold Ms C to the terms of the loan agreement. But, because Ms C has had the money, I shan't require Savvy.co.uk to write off the whole of the debt; she should not however be held to the terms of the loan agreement.

### **my final decision**

My final decision is that to resolve Ms C's complaint in full Valour Finance Limited should:

- confirm to Ms C that it will not seek repayment from her of any interest, charges or fees due that would arise under the loan agreement;
- remove or arrange for the removal of all records of the loan from Ms C's credit files, including those kept by external credit reference agencies; and
- confirm to Ms C the capital amount due from her, so she and Valour Finance Limited can make appropriate repayment arrangements.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms C to accept or reject my decision before 3 May 2020.

Michael Ingram  
**ombudsman**