

## The complaint

Miss B is unhappy that Provident Personal Credit Limited trading as Satsuma Loans allowed a loan to be taken out in her name. She says the loan was applied for by her ex-partner without her permission but it is holding her responsible for the borrowing.

## What happened

The loan was applied for on 3 September 2019 and paid into Miss B's current account the following day. Once paid in £500 was withdrawn in cash, an online transfer of £30 was made, and there were several point of sale transactions. There were also a large number of online payments to gambling companies. These transactions variously involved the use of her card, PIN and online banking.

Miss B has said it was her ex-partner that applied for the loan and that she had no idea he'd done so. She's also said it was him that carried out the majority of the spending that followed the crediting of the loan funds to her account. She did carry out some spending, including the online transfer and some of the point of sale spending, though she's said some of that was as a result of pressure from her ex-partner. She did report the spending to her bank but didn't specifically raise a claim of fraud and none of the transactions were refunded.

Miss B discovered the loan when checking her emails on 13 September 2019. She had an email from Satsuma with the loan details and so she got in touch to find out what had happened. Miss B was particularly disappointed because she'd previously asked Satsuma to block any future applications because her ex-partner had previously taken loans in her name, without her consent, and used the proceeds for gambling.

Satsuma looked into what happened and acknowledged a mistake had been made in allowing the loan application to be made. And so it said it would waive interest on the loan. But it said the capital was still due to be repaid as the money had gone into Miss B's account and spent from there. It said it couldn't do any more as Miss B hadn't lodged a fraud complaint – only one about the application being processed, despite the block – and she hadn't contacted the police.

Miss B wasn't happy with Satsuma's response. She felt that, because it had made a mistake and she hadn't applied for the loan, she shouldn't be responsible for the debt at all. She brought her complaint to our service.

One of our investigator's looked into what had happened. She thought that whilst it was clear Satsuma had made a mistake in allowing the application it's actions to put things right were fair and reasonable.

She noted the following in her findings:

- Miss B had said that her ex-partner had carried out the gambling transactions and cash withdrawal because he'd been able to get hold of her card and PIN (despite her having changed it);
- Miss B said she'd not raised a fraud claim as she didn't want any problems with her ex-partner at the time;
- Miss B's debit card had been replaced by her bank on 19 July 2019;

- Miss B contacted her bank on 17 September 2019 to get another replacement card and told the bank about her ex-partner's spending;
- Miss B explained that her ex-partner had agreed to pay her back and had already had some of his own wages paid into her account;
- Our investigator thought the arrangement Miss B seemed to have with her ex-partner, where he was allowed to use the account, meant she'd effectively authorised the transactions;
- She also said that given there was genuine spending at the same time as the disputed it appeared Miss B had benefitted from at least some of the loan funds;
- She could see that Miss B had logged onto her online banking on 6 September 2019 which meant she ought to have been able to see the loan funds crediting her account and the resulting altered balance. She questioned why it then took until 13 September 2019 for the loan application to be raised with Satsuma.

With all of this in mind the investigator said she thought it was more likely than not Miss B either applied for the loan herself or allowed her ex-partner to do so. And she thought Miss B also benefitted from the loan proceeds. And so, whilst acknowledging Satsuma had made an error, she didn't recommend Satsuma do any more than it already had.

Miss B was unhappy with the investigator's response. She said that her ex-partner had used her card without her permission and had at times forced her to carry out transactions. She thought it was unfair for her to be held responsible for the loan with that in mind and due to the fact that Satsuma had granted the loan despite her earlier request to block any lending.

The complaint has been passed to me for a final decision.

### **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.

Where evidence is missing or incomplete, I must make a finding on the balance of probabilities. That is to say what I think is more likely than not to have happened.

I'm sorry to disappoint Miss B, but I'm not upholding her complaint. My reasons are broadly the same as our investigator's, but I'll explain further.

It doesn't appear that there's any disagreement between parties that Satsuma did make an error in allowing the loan to be taken out. Satsuma has acknowledged that and it's why interest on the loan has been waived. But I don't find that Satsuma's error here means that the actual borrowing need not be repaid. My reasons for saying as much come down to the activity on the current account the money was paid into and how the loan funds were used. It should be noted that my findings don't relate to Miss B's bank or any potential liability there for authorised or unauthorised transactions. Miss B may yet still be able to bring a separate complaint there. But the detail of the activity, and how it comes about, is relevant to this complaint.

The evidence available does suggest that, at least to some extent, Miss B did allow her ex-partner to use her account. That's reflected by the fact that he was having his wages paid into the account. And she has told us that was the case before.

Further to that, Miss B has confirmed that she did carry out transactions on the account on the instruction of her partner. She has explained that she was sometimes forced to do so by him. That sounds like an awful situation for her to have been in and she has my sympathies. But it does mean that she actually authorised spending out of the account. That remains true even in situations where transactions are made under duress. And so, for those transactions, it is the case that Miss B knew about them and authorised them.

It also seems that some of the transactions on the current account made after the loan funds credit are entirely genuine and were carried out by Miss B. There's spending at a healthcare and beauty shop, a ladies jewellery store, and a card shop. It does seem more likely than not these were carried out willingly by Miss B. Which would mean the loan funds were used for genuine spending. That spending equates to over £220 of transactions.

I've considered the £500 cash machine withdrawal that's made shortly after the loan funds credit the account. Miss B has said that this was her ex-partner too. But that doesn't seem to reflect what she told her bank when she reported the gambling transactions on 17 September 2019. A new card had already been issued in July 2019 but Miss B didn't change the PIN at that time. And then, in September 2019, when another new card was issued, Miss B didn't change the PIN and told the bank it was safe. But if that were the case then it wouldn't have been possible for her ex-partner to have carried out the withdrawal. The same must then also be true of later cash machine withdrawals that take place on 12 and 13 September 2019. If it isn't the case then, at the least, Miss B must have failed to take reasonable steps to safeguard her account as she didn't change her PIN when she knew it had been compromised. The same would seem to be true of her online banking login details.

The reporting of the current account transactions on 17 September 2019 does throw up further questions. Miss B contacted Satsuma about the loan on 14 September 2019 and so she must have been aware of the activity on her account at that time. But she didn't report the matter to the bank for another three days. And her card was active and still being used during that time, allowing more money to be removed from the account.

Our investigator highlighted that Miss B had logged into her online banking on 6 September 2019 and so questioned why it was that Miss B didn't notice or report what was happening then. I can't see that we've had that question answered and I believe it's a valid one. The account was clearly in a very different position to what it ought to have been. There had actually been an earlier login too. Miss B sent £30 to someone on 4 September 2019, the day the loan funds credited the account. And so, again, it ought to have been clear what was happening soon after the loan funds credited the account. But it actually took another ten days for events to be reported to Satsuma and thirteen days for them to be reported to the bank.

I've also thought about the gambling transactions on the current account and how they have affected the balance over the period between when the loan was taken out and when the loan and associated spending was discovered. And it actually appears there is no loss to Miss B in respect of those transactions. There are actually winnings deposited into the account and they add up to around £135 more than the amount debited for gambling spending during the relevant period of 4 September to 14 September 2019.

There were further gambling transactions beyond those dates, but Miss B knew about the activity by then so it wouldn't be fair to consider it against the loan funds, in terms of loss, as it could have been prevented.

I can't say for certain what has happened here. But given the evidence and what I've set out above I can't fairly say that Miss B didn't know about the loan and the spending that followed or, at least, that she ought to have been aware of it. The importance of this is that it would appear Miss B did have the opportunity to prevent the loss. This, combined with the evidence pointing toward her benefitting from at least some of the loan proceeds, and the fact that the money back into the account from gambling outweighs the spending, means that I don't find it would be fair and reasonable to say the capital need not be repaid. And so I find Satsuma's offer to not collect interest on the loan represents a fair and reasonable settlement of the complaint.

### **My final decision**

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 28 October 2021.

Ben Murray  
**Ombudsman**