

## **The complaint**

Mr W complains that Provident Personal Credit Limited trading as Satsuma Loans accepted a loan application in his name from an unknown third party. Satsuma subsequently pursued him for the outstanding amount and put a default on his credit file.

## **What happened**

Our investigator felt the complaint should be upheld in part. She said that Satsuma didn't do anything wrong when it accepted the application and paid the money (£600) into Mr W's account. However, she was satisfied that Mr W had been the victim of fraud and didn't apply for the loan because a third-party had obtained his bank card and personal details. The investigator had also contacted Mr W's bank who had confirmed there had been some unauthorised transactions which it was refunding to him. When Mr W's bank made the refund the Satsuma loan was a part of those funds. So, the investigator felt Mr W hadn't agreed to the terms and conditions of the loan – but because he had benefitted from the funds the money should be returned to Satsuma. But Satsuma shouldn't add interest and charges to the amount Mr W owed.

The investigator added that B had caused Mr W inconvenience when he requested a subject access request (SAR) which had been confirmed by the Information Commissioner's Office (ICO). So, B should pay Mr W £100.

Satsuma hasn't responded to our investigator's view and the deadline for responses has now passed. So, the complaint has been passed to me.

I wrote to Satsuma saying I was minded to agree to the investigator's view and for similar reasons. But Satsuma hasn't responded.

## **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.

Having done so, I'm going to uphold this complaint in part.

I've read and considered the whole file. But I'll concentrate my comments on what I think is relevant. If I don't mention any specific point, it's not because I've failed to take it on board and think about it, but because I don't think I need to comment on it to reach what I think is a fair and reasonable outcome.

I'm satisfied Satsuma didn't do anything wrong when it accepted the loan here. The fraudster was able to obtain Mr W's personal details and bank card in order to pass the checks that Satsuma carried out. But Mr W's bank has confirmed that his bank account was compromised and paid him a refund of some transactions made on his account. And I can see from Satsuma's notes that a mobile phone provider confirmed Mr W had been the victim of fraud on the same date the loan was taken out. So, after considering all the evidence here I'm not satisfied it was Mr W that applied for the loan.

The issue here is that when Mr W's bank made that refund to him the loan funds were also refunded and spent. That means that Mr W subsequently benefited from the loan, so I think that if Satsuma Loans decide pursue him for that money, this would be fair.

However, the investigator has correctly pointed out that Mr W never agreed to the terms and conditions of the loan. That means he can't be held to the terms of an agreement he didn't enter into and so Satsuma Loans cannot ask him to repay any interest and charges or fees associated with the loan. As a result, I believe Satsuma Loans should also remove any record of the loan and default from Mr W's credit file.

The investigator also considered that when an SAR was requested from Satsuma Loans by Mr W there was a delay in the request being actioned. The investigator felt £100 would be a fair amount to award Mr W for the distress and inconvenience. Satsuma said it doesn't have any evidence a SAR was requested by Mr W. But I've seen a letter from the ICO that confirms Mr W made a SAR in February 2020 like he has said. And he didn't receive a response until January 2022.

As a result, I'm satisfied that £100 would be a fair amount to award Mr W for the inconvenience he has been caused.

### **Putting things right**

Satsuma must remove any record of this loan from Mr W's credit file. They also can't pursue him for more than the principal amount of the loan (£600) which they paid into Mr W's account.

Satsuma should also pay Mr W £100 for the inconvenience it has caused.

### **My final decision**

I uphold Mr W's complaint in part and direct Provident Personal Credit Limited trading as Satsuma Loans to put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 16 December 2022.

Mark Dobson  
**Ombudsman**