

## The complaint

Miss B complains that Provident Personal Credit Limited trading as Satsuma Loans (“Provident”) is holding her liable for a loan in her name which she says she did not consent to.

## What happened

The circumstances of this complaint are well known to both parties, so I will not repeat them all again here in detail. But I will provide an overview of events below.

In short, Provident is holding Miss B liable for a £900 loan which was taken out her name. Miss B says she disputed this with Provident in 2019 – i.e. she argued she did not consent to the loan – and thought the matter had been resolved in her favour. However, she says she discovered in 2021 that things had not been resolved and that the loan was still appearing on her credit file. Miss B raised a complaint about this. Unhappy with Provident’s response, she referred her complaint to our Service.

One of our investigators considered the complaint and upheld it. The investigator issued his findings on 9 September 2022. Miss B accepted them, but to date – despite several chasers – Provident has not responded. As a result, this matter has been passed to me to make a decision.

## What I have 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 agree with the conclusions reached by the investigator for reasons I set out below.

But first, I think it is important if I highlight at the outset that Provident has sent our Service its business file on this complaint. However, after our investigator issued his findings upholding the complaint, Provident has not engaged with our Service at all. It has not responded to several chasers sent, not just from the investigator, but also one from myself. Ideally, I would like, before issuing my decision, to consider Provident’s response to the investigator’s findings (if any) and question it about certain aspects of its business file. But, because of Provident’s lack of response, I have decided to make a decision in this matter based on the evidence and information available to me.

Provident has said to this Service, amongst other things, ‘... *the [loan] account has been written off in full when Satsuma ceased trading in December 2021. With that in mind there is no money owed by the customer and the account has been marked as partially settled on her credit file. If you have evidence the account was taken out fraudulently then we will be happy to remove the entry from the customer’s credit file.*

Having considered the evidence before me, I am persuaded, on balance, that it is more likely than not, that Miss B did not consent to the loan being taken out in her name; nor am I persuaded, on balance, that she had use of the loan funds. I will explain why.

Based on the evidence, it appears as if Provident has looked at Miss B's complaint on two separate occasions: once in 2019 and again in 2021. On both occasions, Provident said it would be holding Miss B liable for the loan because her current account provider – which I will refer to as N in this decision – stated that there had been no fraudulent activity on her account.

However, by way of email sent to Miss B on 7 November 2019, N stated, amongst other things, that there had been fraudulent activity on her account during the period we are concerned with. I acknowledge Provident has provided emails from N sent in 2021 which state there was no fraudulent activity on Miss B's account – however, I am inclined to conclude that this was done in error. I say this because not only does N's email of 7 November 2019 say there was fraudulent activity on Miss B's account, N has also confirmed this directly with our investigator during his investigation of Miss B's complaint.

Miss B says she forwarded N's email of 7 November 2019 to Provident during its first investigation in 2019. She also says Provident told her, off the back of N's email, that the matter had been resolved in her favour. Because of this, Miss B did not take things further. However, Miss B says it was not until March 2021, when she discovered the loan was showing up as an 'unpaid default' on her credit file. Given the content of N's email (confirming fraud on her account), the time between the two occasions Miss B raised this matter with Provident, and, more importantly, Provident's lack of response – I am inclined to accept Miss B's testimony. That is, she sent N's email of 7 November 2019 to Provident, and as a result, it (Provident) told her the matter had been resolved in her favour.

So, in summary, I have established N confirmed there was fraud on Miss B's account during the period in question, and that this email was forwarded to Provident during its first investigation in 2019. Now, I must consider whether Miss B consented to the loan being taken out in her name; and whether she had use of the funds.

The evidence N sent to our investigator seems to suggest that Miss B's current account was subject to fraudulent activity – in particular her online banking – and compromised on the day the loan funds were credited to her account (or possibly before). The evidence also shows that the loan funds were transferred to another one of Miss B's N accounts and then to a third party's account.

I acknowledge that the above does not necessarily prove that Miss B did not consent to the loan being taken out in her name. However, I have concluded, on balance, that she did not provide consent for the following reasons:

- N have confirmed that Miss B's account was compromised which resulted in the loan funds being transferred out to a third party. To my mind, it is only logical that a third party who took out a loan fraudulently – would want access to the loan funds to be able to make use of them. In Miss B's case, the loan funds were credited to her account – an account which had been compromised – and transferred out to a third party. This all happened on the same day, which is, to my mind, behavior indicative of a fraudster.
- As N suggests Miss B's online banking had been compromised – I take the view that it would not have been difficult for the third party to obtain details sufficient enough to take out a loan in Miss B's name.
- There is no evidence to suggest Miss B had use of the loan funds.

- Provident has not provided any satisfactory evidence in its initial submissions to challenge the above.
- Provident has not responded at all the investigator's findings.

So, taking all the above points together, I am persuaded, on balance, that Miss B did not consent to the loan being taken out in her name – nor had use of the loan funds.

As I am also persuaded, on balance, that Miss B would have sent Provident N's email of 7 November 2019 – I take the view that she should be paid compensation to reflect Provident's failure to take things further during its first investigation in 2019. I am persuaded that Provident's omission caused Miss B much trouble and upset. As recompense, I agree with the investigator that £200 would be fair and reasonable given the circumstances.

### **My final decision**

For the reasons set out above, I uphold this complaint. I therefore direct that Provident Personal Credit Limited (trading as Satsuma Loans):

- Remove any data reported to the credit reference agencies about the loan.
- Pay Miss B £200 in compensation.

*If, for whatever reason the loan has not been written off as has been suggested (see above), then I direct – in addition to the above bullets – that Provident Personal Credit Limited (trading as Satsuma Loans):*

- Write off the loan and close the account.
- Should not pursue Miss B for any interest or charges arising from the loan agreement.
- Should not pursue Miss B for the principal sum of the loan.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 28 December 2022.

Tony Massiah  
**Ombudsman**