

The complaint

Mr U complains Metro Bank PLC trading as RateSetter is holding him liable for a loan he says was taken out fraudulently in his name.

What happened

RateSetter received, and approved, an application for an £8,000 loan in Mr U's name in late June 2022. The funds were paid into a bank account with 'M', which Mr U has held since 2020. They were sent on from there to another account in Mr U's name.

Mr U says he found out about the lending around September 2022, when he received an arrears letter due to the loan repayments not being made. He then contacted RateSetter.

According to its notes from the time, RateSetter asked Mr U about what bank accounts he held. He mentioned his 'main' account, with bank 'H'. RateSetter asked about any more. He then mentioned another with bank 'V'. RateSetter again asked about any others. He said he used to have an account with M but it was closed in June 2022.

RateSetter asked why the account had been closed. Mr U said he had stopped using it, and he uninstalled the app, then got an email from M a few weeks later saying it was closing his account. At RateSetter's request, Mr U provided his statements for the M account for June/July 2022, along with contact from M about the account closure and his complaint.

RateSetter ultimately held Mr U liable for the loan. It pointed out the account with M had remained open until October 2022, and had been used until early July (when the loan funds were paid in then sent on). It also said that, despite telling RateSetter he hadn't made the outward payments sending on the loan funds, it didn't appear he had disputed those as unauthorised with M.

Unhappy with RateSetter's response to his concerns, Mr U referred the matter to our service. Our investigator looked into things – and didn't uphold Mr U's complaint. She thought M's records showed Mr U was likely aware of/involved in moving the loan funds on.

Mr U has appealed the investigator's outcome. He says someone took control of his M account and falsely took out the loan in his name. He says, if he were to take out a loan, he would have used his main bank account, would have transferred the funds in one go, and would have used his normal email address. He also says the account with V was set up fraudulently.

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've decided not to uphold it. I'll explain why.

When information is incomplete or contradictory, I must reach my decision on the balance of probabilities. In this case, that means deciding whether it's more likely than not that Mr U took out the loan.

I've considered the evidence carefully and, overall, I consider it more likely Mr U did take out the loan as I don't have a plausible explanation for how it could have been applied for, and sent on, without his involvement.

The loan funds were paid into Mr U's account with M. So, in order to access them without his consent, as he alleges, an unauthorised party would have needed access to his account with M.

Mr U suggests a scammer was able to do this by hacking his email. But he's not provided any evidence to support that someone else had access to his emails at this time. I'm also conscious the loan was applied for using a different email address. So I question why a scammer would have done this if they had control of Mr U's emails.

Furthermore, email access alone wouldn't have enabled someone to access Mr U's M account and move on the funds. M has provided records showing that, when the loan funds were paid in, they received contact, seemingly from Mr U's account, saying he had taken out a loan and couldn't send it on. As this contact came from a new device, Monzo required Mr U to provide ID and a 'selfie' video before allowing further activity on the account.

I've seen an image of the ID and a screenshot of the video. M has also provided images of the ID and selfie video submitted when Mr U set up his account several years prior. And I'm satisfied these match. I've put this to Mr U, but he's been unable to explain how this fits with his allegation that he didn't know about the loan funds.

In addition, despite Mr U's assertion that he wasn't using his M account and so didn't find out about the loan for several months, it appears he was actively using the account up to the day before the loan funds were received. He was crediting his M account from his main bank account (which we've not been told was compromised) to fund undisputed payments. It would seem very coincidental and unlikely that he'd happen to stop using his account, and not check it again, just before unauthorised activity.

Furthermore, one of the payments from the day before the loan was received was a payment to the account with V that is held in Mr U's name. He's now said this was opened fraudulently, which is relevant as a payment was made to this account *after* the loan was received. But that seems unlikely to me. First of all, Mr U seems to have notified RateSetter of his account with V when first contacting it about the loan, and didn't allege it wasn't genuinely his at the time. Secondly, the payment was funded by a credit from Mr U's main account. So, it seems more likely Mr U did this to fund the payment, and therefore knew about the V account.

I have considered the possibility that what happened was part of a wider scam. But I struggle to reconcile that with the explanation Mr U has submitted to both us and RateSetter. Additionally, the funds were sent on from M to another account held in Mr U's name (albeit Mr U disputes this was actually opened/held by him).

Overall, I think RateSetter has entered into this agreement in good faith with no reason to doubt it was applied for by Mr U – bearing in mind the funds were paid into his own, genuine account. And it seems likely Mr U was then involved in passing on the loan funds, with awareness they were from a loan in his name. In the circumstances, regardless of whether Mr U has received any 'real' benefit from the loan, or was tricked in some way, I consider it fair for RateSetter to hold Mr U liable for the loan.

My final decision

For the reasons given above, my final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr U to accept or reject my decision before 20 March 2024.

Rachel Loughlin
Ombudsman