

## **The complaint**

Miss E complains that Tesco Personal Finance PLC trading as Tesco Bank (“Tesco Bank”) is holding her liable for the debt on a loan which she says she was coerced into taking out.

## **What happened**

The background to this complaint is well known to both parties, so I won’t repeat everything here. In brief summary, in January 2022 a loan was taken out with Tesco Bank in Miss E’s name for £4,000. Miss E subsequently got in touch with Tesco Bank to let it know she was coerced into taking out the loan. Tesco Bank investigated things and ultimately couldn’t reach agreement with Miss E, so she referred her complaint to us. Our Investigator couldn’t resolve things informally, so the case has been passed to me for a decision.

I sent Miss E and Tesco my provisional decision last month, which explained why I wasn’t minded to uphold this complaint. Now that both parties have had fair opportunity to respond, I’ve reviewed everything again, and I’m now ready to explain my 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.

I’m very aware that I’ve summarised this complaint briefly, in less detail than has been provided, and in my own words. No discourtesy is intended by this. Instead, I’ve focused on what I think is the heart of the matter. If there’s something I’ve not mentioned, it isn’t because I’ve ignored it. I haven’t. I’m satisfied I don’t need to comment on every individual point or argument to be able to reach what I think is the right outcome. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

I’ve reached materially the same conclusions as in my provisional decision and for the same reasons. I’ve considered carefully everything Miss E has said and provided in response to my provisional decision, but these submissions haven’t changed my mind. I’ve explained my reasons again below, with some further comment, where I have deemed it appropriate, to address Miss E’s response to my provisional decision.

First, let me clarify exactly what this decision is about. I understand Miss E has explained that in December 2021 she met someone online who scammed her and coerced her into taking out this loan with Tesco Bank. The £4,000 Tesco Bank loan was paid into Miss E’s NatWest bank account on 27 January 2022, and I understand Miss E then gave this £4,000 to the fraudster the next day by way of a £500 bank transfer and a £3,500 cash withdrawal from her NatWest account. Tesco Bank acted only as a lender, granting the loan for £4,000 in Miss E’s name and paying it into her NatWest bank account. And this decision concerns only whether it’s fair for Tesco Bank to hold Miss E responsible for the loan bearing in mind the circumstances.

I have no doubt Miss E has been the victim of a scam here. She has my heartfelt sympathy. Ultimately, however, Miss E has suffered her loss because of a fraudster, and this doesn't automatically entitle her to redress from Tesco Bank. Tesco Bank lent the money to Miss E in good faith. I haven't seen anything that persuades me Tesco Bank ought to have been aware at the time Miss E was being scammed or pressured. So, I'd only reasonably be able to uphold Miss E's complaint about Tesco Bank, in full or in part, if I was persuaded Miss E reasonably shouldn't be regarded as having entered into the loan agreement in the first place, or I thought it otherwise fair and reasonable.

So, the first question is: did Miss E enter into this loan agreement, or was it done without her knowledge and/or consent? I have considered this carefully. Miss E has said she had knowledge of the loan application, but she was coerced into it by the fraudster. I understand the fraudster she was in touch with was subsequently, in 2023, convicted of dishonestly making a false representation to make gain for himself, and of sending communications conveying a threatening message. Miss E has provided a copy of her messaging communications with the fraudster spanning 16 December 2021 (the day they were first in touch) to April 2022. I have no doubt Miss E was scammed, and given the circumstances she's described, she has my heartfelt sympathy. I can also see from the messages made available to us that in April 2022 there's no doubt the fraudster threatened Miss E physically but this took place after the loan had been applied for and paid away.

This is a difficult message to give, and like I've said, Miss E has my sympathy. But from the messages Miss E has shared with us, whilst I can see the communications between Miss E and the fraudster at the time of the loan application and before were turbulent – and it's clear the fraudster manipulated Miss E into getting his way – that's not exactly the same thing as Miss E not consenting to the loan with Tesco Bank. Instead, it looks to me that Miss E was guided by the fraudster into taking the loan out in her name, in circumstances where she knew about it, albeit she felt pressured. But, from the evidence shared, including the comments and evidence Miss E has sent in response to my provisional decision, I don't think I can say any pressure Miss E felt to go ahead with the loan *at the time* went so far to say she didn't really consent to the loan.

I've thought about whether Tesco Bank's decision to subsequently pursue Miss E for the loan was reasonable, given everything I've said. I understand the fraudster manipulated her into taking out other credit with third parties, credit which at least some of those third parties appear to have written off. But this doesn't automatically mean Tesco Bank should be required to do the same. And here, I don't think, bearing in mind what I've said above, that I can reasonably tell Tesco Bank to do this. Nor do I think Tesco Bank dealt with the matter unreasonably. It acted only as the lender here. I understand Miss E gave the loan funds to the fraudster, she was scammed, and she's lost £3,500 (because NatWest refunded her the £500 lost by bank transfer but not the £3,500 cash withdrawal). However, I don't think there was anything at the time of the loan application or afterwards whereby I could reasonably say this was Tesco Bank's fault. I think, instead, this is a case whereby Miss E felt pressure and was scammed into taking the loan out and giving the funds to the fraudster.

Given what I've said, I don't think it would be fair for me to tell Tesco Bank that it can't hold Miss E to the terms of the loan agreement she agreed to, or that it should be required to remove interest and charges, or to remove the loan from Miss E's credit file. I'm also satisfied that I can't fairly tell Tesco Bank that it can't pursue Miss E for any of the loan funds that are still outstanding, or that it should be required to refund Miss E any repayments to the loan she has already made (if any). Naturally, though, I would expect Tesco Bank to be sympathetic to any financial constraints that may subsequently arise in Miss E repaying the loan.

Miss E has said in response to my provisional decision that she feels she shouldn't be expected to pay interest on the loan because the case was put on hold whilst the matter was investigated. But Tesco Bank's position has never been that Miss E wasn't responsible for the loan. And having concluded that the way it's dealt with things isn't unreasonable, this hasn't changed my mind.

### **My final decision**

For the reasons explained, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss E to accept or reject my decision before 11 April 2024.

Neil Bridge  
**Ombudsman**