

## **The complaint**

Mr G complains that Chetwood Financial Limited (trading as “BetterBorrow”) is holding him responsible for an £8,000 loan that he says he didn’t take out.

## **What happened**

The details of this complaint are well known to both parties, so I won’t repeat everything again here. In brief summary, Mr G fell victim to scam in September 2022. He said he was approached by a scammer at his home who offered to set him up a government grant, where he wouldn’t have to repay anything if he gave them 60% of the amount as an upfront payment. Mr G agreed and assisted the scammer with the application, giving him access to his ClearScore account. Once he received the funds, he says he paid the scammer for obtaining the ‘grant’ and the rest he used to repay debts with his friends as well as to repair his roof.

Mr G later discovered that a loan had been taken out in his name with BetterBorrow. He said he wasn’t made aware that the scammer was taking out a personal rather than a government grant.

BetterBorrow said that an £8,000 loan was applied for in Mr G’s name using his information, which he had provided to the third party, and the funds were paid into a bank account held in his name which he then used. As a result, it said it would still be holding him liable to repay the loan. Unhappy with this, Mr G referred the matter to our service.

Our investigator didn’t uphold the complaint. He thought Mr G had given his authority for a loan to be applied for on his behalf, and that he ought to have known that this is what he had received into his account. He also noted that Mr G had benefitted from the funds, so overall he didn’t think it would be fair to ask BetterBorrow to write off the debit. Mr G disagreed, so the matter has been escalated to me to determine.

## **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 agree with the conclusions reached by the investigator and have decided not to uphold it. I’ll explain why.

Section 83 of the Consumer Credit Act (CCA) 1974 sets out that a person won’t be held liable for a debt if it was taken out by another person who wasn’t acting as their agent. So, I’ve considered the extent to which Mr G was involved in the loan application, and whether he ought reasonably to have known that he had received the proceeds of a loan into his bank account.

In this instance, the loan was applied for using Mr G’s information, including his contact details, bank account in which to receive the funds, and also answers to questions asked about his credit history. Mr G has acknowledged that he was involved in the application, but

says he thought he was providing these details in order to obtain a government grant. I appreciate he says he wasn't aware of the specific details of the money he was receiving. But nonetheless, he had given his authority and provided the necessary information for a third party to apply for finance on his behalf, as well as providing access to his ClearScore account. So I'm satisfied the scammer could be said to have been acting as Mr G's agent when applying for the loan in these circumstances.

The evidence also leads me to believe that Mr G would've likely been aware that he had applied for a loan instead of a government grant in any event. When Mr G first got in contact with BetterBorrow on 6 September 2022, he said that "*someone helped me out with a loan saying I never had to pay it back if paid them a %*". On the day the loan was applied for, Mr G also received several emails from BetterBorrow, detailing that his "loan" had been approved, as well as a direct debit mandate being set up for repayments. Mr G said he was under the impression that he had received a government grant, but if that were the case, it's not clear why he didn't question why he was receiving correspondence about his loan agreement and a direct debit mandate for repayments to be made. He also hasn't been able to provide any evidence or details about the grant he thought he was applying for.

Mr G says he didn't receive any emails from BetterBorrow about the loan. But I can see that all the emails were sent to Mr G's legitimate email address that had been used to apply for the loan, and which he is still using and has access to. So, it seems unlikely that he wouldn't have received any of the several emails sent to him on 4 September 2022 setting out the details of the loan and how it was going to be repaid. Mr G thinks his email may have been hacked, but he hasn't explained how this would've been possible, and there's little evidence to corroborate this. And overall, considering all the evidence, I think it's more likely than not that Mr G was aware a loan was being applied for in his name. I appreciate he may have been tricked into misunderstanding the arrangements of how it would be repaid, but I'm not persuaded this should negate his liability for the debt in these circumstances.

I'm also satisfied that Mr G has utilised and benefitted from the proceeds of the loan. BetterBorrow received confirmation from Mr G's bank that he had transferred the money, as well as the proceeds of another loan, into his savings account, and that there were several faster payments made after that. Mr G also says he used the funds to repay debts with his friends and used the money to repair his roof. So, even if he wasn't aware it was a loan that he would have to repay, I wouldn't consider it would be fair and reasonable to ask BetterBorrow to write off the debt in any event, given he has benefitted from the funds.

I'm also satisfied that BetterBorrow carried out proportionate checks before approving the loan. As a result, while I appreciate this will likely come as a disappointment to Mr G. I'm not persuaded BetterBorrow has acted unfairly by continuing to hold him liable for the debt.

### **My final decision**

For the reasons given above, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 15 April 2024.

Jack Ferris  
**Ombudsman**