

## **The complaint**

Miss G complains Madison CF UK Limited, trading as 118 118 Money, are holding her liable for a loan that she took out as part of a task-based job scam she fell victim to.

## **What happened**

The background to this complaint is well known to both parties and so I'll only refer to some key events here.

118 118 Money received an online application for a £1,000 loan in Miss G's name on 13 January 2024. 118 118 Money approved the application and paid the funds in to Miss G's bank account.

Miss G contacted 118 118 Money a couple days later to explain that she'd been the victim of a task-based job scam. She said, as part of the scam, she was told she had to add money to her account before she could receive her earnings. And that the scammers manipulated her and forced her to take out the loan – as well as other borrowing – to fund the account.

Miss G explained that she was vulnerable at the time having only recently lost her job, being a single mother who'd been the victim of domestic abuse and she suffered with anxiety and depression. She said she was at a significant financial loss because of the scam and wanted 118 118 Money to cancel the loan due to being unable to repay it. Miss G also said 118 118 Money failed to call her to verify her identity and check she was happy to take out the loan. She said, had this happened, she would've explained the situation and that she was being forced to take out the loan.

118 118 Money considered what Miss G said but, after completing their investigation, decided to hold her liable for the loan. Miss G complained about this and reiterated that she'd been the victim of a scam. She confirmed the loan wasn't fraudulent but that she was forced to apply for it, as well as being made to lie within the application itself.

118 118 Money didn't uphold Miss G's complaint and, in short, they said:

- Loan applications they receive are reviewed by their systems and assessed against their scorecard. They also use industry standard verification checks to validate the information provided on the application. On some occasions, they may need a little more information to assess an application which might mean they're not able to send the funds without speaking to the applicant first. But if they're able to complete their assessment of the application without having to contact the applicant to verify details, they will release the funds straight away.
- Having reviewed their investigation, they considered there was insufficient evidence to show the loan was opened without Miss G's knowledge or authorisation. And so, they were satisfied the decision to hold her responsible for the debt associated with the loan agreement was correct.
- They extended their sincerest apologies for any distress or trauma Miss G may have experienced because of the incident. And they confirmed Miss G's account had been

passed to their Specialist Support Team to aid the management of her account going forward.

Miss G remained dissatisfied and referred the matter to the Financial Ombudsman. Our Investigator didn't think 118 118 Money had to do anything further. She explained that, while Miss G said she was forced to take out the loan, 118 118 Money wouldn't have known this and accepted the application – which had Miss G's correct details – in good faith. There also wouldn't have been reason for 118 118 Money to believe the application wasn't genuine and so, after carrying out their checks, they paid the funds into Miss G's bank account. And how the funds were used after this was outside of 118 118 Money's control.

Our Investigator added that she hadn't seen anything on 118 118 Money's website that said they would always call an applicant before approving the loan. Only that, in some cases, if they required more information they would call before they made their loan decision.

Miss G disagreed and asked for her complaint to be looked at again. Miss G provided a link to a FAQs page on 118 118 Money's website that said:

*"IF MY APPLICATION IS APPROVED, HOW SOON WILL I GET MY MONEY?"*

*You'll get a welcome call from us shortly after we've approved your loan just to confirm a few details. Once we've completed that call, we aim to deposit the money straightaway into your bank account."*

Miss G also added that the scammers were threatening and using manipulation techniques - telling her how she had to carry out the job and that she wasn't allowed to waste their time after having invested money and time in training her. Miss G said she was also frightened as the scammers held information about her and kept pressing to ask family and friends for money, but she'd already asked and they were unable to help. So, as she'd already used all the savings she had which was meant for food shopping for her and her daughter, she took out the loan – panicking due to having no other money and being locked into the scammer's platform.

I shared the above FAQ with 118 118 Money and asked whether the welcome call took place. And, if it didn't, why.

118 118 Money confirmed they haven't completed pre disbursement calls with their loan customers for some time and the paragraph referred to on their website is out of date – for which they would escalate within the business for review. But they explained that, once the loan is approved, they would normally only contact the customer prior to releasing the funds if they were unable to verify their bank details. Here, their enhanced bank check was successful and there was no requirement to contact Miss G before releasing the funds.

### **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 sorry to hear Miss G has fallen victim to a scam and I'm extremely sympathetic to the difficult situation she's found herself in due to the loss she's suffered. I also don't doubt that the scammers used manipulative and unpleasant techniques to obtain as much money out of Miss G as possible. But while that may be the case, I must consider whether it is reasonable for 118 118 Money to hold her liable for the loan. And while I know this will come as a disappointment to Miss G, having done so, I think it is. I'll explain why.

A consumer shouldn't be held liable for a credit agreement they didn't consent to. It isn't however in dispute here that Miss G applied for the loan. But rather, Miss G says she was forced to apply for the loan as part of the task-based job scam she fell victim to. She's also raised concerns about not receiving a welcome call from 118 188 Money before the loan funds were released as, if there had been, she believes it would've come to light the funds were being used as part of a scam and that she was being forced to apply for it.

I've considered what Miss G has said but I don't think there was sufficient reason for 118 118 Money to suspect the loan application was being made for illegitimate or fraudulent purposes – thereby prompting them to carry out additional checks or decline the application completely. This is because the personal and contact details provided in the loan application were, unsurprisingly, correct given Miss G submitted it. And the verification checks completed by 118 118 Money didn't raise anything of concern. Because of this, it was reasonable for 118 118 Money to consider the application as genuine and process it accordingly. So, while I appreciate Miss G says she was pressurised into applying for the loan by the scammer, I wouldn't have expected 118 118 Money to have had reason to suspect this.

At which point, it is relevant to note that 118 118 Money didn't make the welcome call, as stated on their website, before releasing the funds. I wouldn't necessarily expect a lender to contact a consumer before accepting a loan application – unless they had reason to do so. And here, it seems 118 118 Money have changed their loan process and so the FAQ that Miss G has referred to wasn't one of their requirements at the point of her loan application.

But even if 118 118 Money had called Miss G, I'm not persuaded it would've made a difference. This is because the purpose of the call would've been to verify Miss G's bank details, not to question her about the loan application itself - including the purpose of the funds. So, given Miss G applied for the loan despite being pressurised to do so by the scammer, I find it unlikely that 118 118 Money would've uncovered the purpose of the loan fund were to be used as part of a scam or that Miss G was being forced to apply for it by the scammers. I say this because Miss G was clearly under the spell, or control, of the scammers. And so, she likely wouldn't have voluntarily provided this information as, if she had, she wouldn't have received the funds she was applying for – which she needed to fund her account to receive her earnings.

For this reason, I think it's most likely, if the call had happened, that Miss G would've confirmed her bank account details and 118 118 Money would've released the funds in any event. Once the loan funds were released, 118 118 Money didn't have control of it. And while Miss G has sadly lost most of it to the scam, she did have use of it. It follows that I think it reasonable for Miss G to repay it.

I realise this isn't the outcome Miss G is hoping for but, for the above reasons, I don't think 118 118 Money is acting unfairly by holding her liable for the loan and pursuing her for the debt owed.

On a final note, I'm aware Miss G has explained she is experiencing financial difficulties because of what's happened and isn't in a position whereby she can afford the loan repayments. I would therefore expect 118 118 Money to treat Miss G positively and sympathetically – and look to reach an arrangement that is affordable for her circumstances.

### **My final decision**

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss G to accept or reject my decision before 19 June 2024.

Daniel O'Dell  
**Ombudsman**