

The complaint

Miss C complains that National Westminster Bank Plc (NatWest) are holding her to the terms of a loan agreement she says she didn't enter into.

What happened

The detailed background to this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here. In August 2021 NatWest processed an application for a loan in Miss C's name. The loan was for £8,000 with a 39-month term. The loan funds credited Miss C's NatWest account on 26 August 2021. The loan funds then left Miss C's account through various transfers and debit card spending. Around the same time, numerous other loans were paid into Miss C's NatWest account (Miss C also disputes taking these loans).

NatWest say that in September 2021 they blocked Miss C's account and conducted a review, they then took the decision to close the account and end their relationship with Miss C. NatWest's decision to close Miss C's account was the subject of a separate complaint to our service which resulted in a compensation payment of £150 to Miss C. The Investigator of that complaint thought NatWest ought to have given more notice for the closure than they did and that they'd provided poor service.

Another of our Investigators considered this complaint (about the NatWest loan) and concluded NatWest had acted fairly, she didn't recommend that they needed to do more. Miss C disagreed, she would like NatWest to write off the loan and to give her a letter saying it was fraudulently applied for so she can show this to other lenders. The complaint was passed to me to decide. In May 2024 I issued a provisional decision in which I said:

"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 reached the same outcome as our Investigator but as my reasons are slightly different, I'm issuing this provisional decision to give both sides a further opportunity to comment before finalising my decision.

Obviously I wasn't present when the loan was applied for and so I can never know with 100% certainty what happened. But NatWest weren't persuaded a third party had applied for the loan, and it's my role to decide whether them doing so was fair and reasonable.

NatWest says that the loan application used Miss C's genuine details and was paid into her existing account with them. They said the loan was electronically signed through the email address they had on file at the time for Miss C. Miss C's testimony is that she didn't know about the NatWest loan until she started receiving demands for payment (presumably by which point her account had already been closed).

Miss C also says that she lost access to her accounts and online / mobile banking at the end of August 2021. She's submitted evidence of an email that she sent to NatWest on 2 September 2021 which includes "It is now day three of me not having access to my

account.” This would have meant access was lost on or around 31 August 2021. This is broadly supported by the notes from NatWest which indicate that the account was blocked pending an investigation around that time, and the online banking logs which show the last successful login was on 1 September 2021.

So, on balance I think it's most likely Miss C still had access to her accounts until at least 30 August 2021. Her own evidence (of the email at the time) supports this. This is important for the reasons I'll come to below.

The evidence shows that the spending that followed the arrival of the NatWest loan included online transfers and debit card spending. Notably online transfers took place on 27 and 28 August 2021 which went to two accounts that appear to be with another bank 'H'. One of these had an account number ending 1824 and the other 1369. Miss C's online banking had previously been used to send money to the account ending 1824 as far back as January 2020. And account ending 1369 was paid in May 2020. Further to this, the account ending 1369 was the same one that Miss C used to ask for her balance to be released into following the closure of her account. Based on this, I think it's most likely that at least one of those accounts is Miss C's. And if a third party had taken the NatWest loan and somehow gained access to her online or mobile banking, it would seem strange for payments to have been made to Miss C's own accounts elsewhere (or a previous payee).

The debit card spending that took place was on a card that had been issued to Miss C in June 2021. This had been used numerous times between that date and the spending of the loan and none of these payments had been reported by Miss C as unauthorised. NatWest also say they have no record of the card being reported as lost or stolen. And given the value of many of the payments that spent the loan funds, the PIN number would have been required in addition to the physical card itself. There are also notes from the time which show the spending activity was flagged as unusual at the time and the card was blocked on several occasions. The notes then record that the blocks were released after conversations with Miss C in which she confirmed the spending to be genuine; one of the occasions when this took place was on 2 September 2021.

I think it's unlikely that a third party would have taken a loan in Miss C's name if they wouldn't have been able to utilise those funds from her account. And for another person to be responsible they would have needed to have known all the security details for Miss C's online / mobile banking, have had physical possession of her card as well as knowledge of her PIN and have been able to impersonate Miss C to her bank to confirm the activity as genuine. It is also unusual in cases of identity theft for genuine contact details to be used, as this can alert the victim to the loan application in their name.

Miss C has suggested that her card might have been cloned, and she says she has previously had problems with post arriving correctly at her home address. She also points out that some of the other lenders involved have written off the loans and accepted she didn't take them. But I can only comment on the actions of NatWest and taking all the evidence and information into consideration, in the circumstances of this complaint, I don't think NatWest concluding that Miss C took the lending and holding her to the terms of the agreement is unfair or unreasonable. I'm not persuaded that someone other than Miss C would have been able to take all this action without her involvement or consent.”

NatWest responded to say they had nothing further to add. Miss C provided a response which I'll address below.

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.

Miss C made a detailed line by line response to my provisional decision. I've read this in full and have considered all she's said, but I don't intend to respond in similar detail. This isn't intended as a discourtesy and is just a reflection of the informal nature of our service.

Miss C has highlighted that she would have had no need to take out multiple loans in quick succession and that other lenders have accepted she's been a victim of impersonation. I've considered this, but my decision is solely in relation to the actions of NatWest. And if other lenders have accepted Miss C was a victim, this doesn't oblige NatWest to do the same.

Miss C has reiterated that she didn't make any of the payments that spent the loan funds. She says she was waiting for a new debit card at the time. I'm more persuaded by the evidence from NatWest on this point which shows the debit card spending following the loan crediting the account was on the debit card issued to Miss C in June 2021. That card had been used multiple times between its date of issue and the payments Miss C disputes. Plus the transfers from the account were to accounts Miss C accepts were hers, something there would be no plausible reason for a third party to instruct.

Miss C has also highlighted the service she received from NatWest following her accounts being blocked. But the service during that period was largely covered by her previous complaint surrounding the closure of her complaint, with a compensation award being made. This is why it wasn't something I referenced in my provisional decision, and it isn't something that I can comment on. And I'm not persuaded that there was poor service outside of what has already been considered to the extent that I would make an award.

Overall, having considered all Miss C's further points, I'm not persuaded to deviate from the outcome explained in my provisional decision. I maintain that I don't think NatWest concluding that Miss C took the lending and holding her to the terms of the agreement is unfair or unreasonable. I don't think the most likely explanation is that someone other than Miss C took all this action without her involvement or consent.

My final decision

For the reasons outlined above, my final decision is that I don't uphold this complaint. Under the rules of the Financial Ombudsman Service, I'm required to ask Miss C to accept or reject my decision before 19 June 2024.

Richard Annandale
Ombudsman