

## **complaint**

Miss S complains that Provident Personal Credit Limited (trading as Satsuma Loans) won't accept a loan in her name was taken out fraudulently by an ex-employee of hers. She says her bank and other lenders have accepted the position. They are not pursuing her for any debt and her bank has refunded her for money taken out of her account fraudulently. Miss S wants Satsuma to do the same.

## **background**

Miss S says an ex-employee of hers took money out of her (business) bank account without her authority. She says the ex-employee also took out several loans in Miss S' name with other lenders.

When Miss S discovered what had happened, her ex-employee confessed about what she'd done. The matter was reported to the police and Miss S' bank (Bank 2) investigated what had gone on. It concluded money was taken out of Miss S' account without her authority and refunded it.

But Bank 2 didn't refund transactions connected with loans Miss S says her ex-employee took out (in Miss S' name). It said Miss S should sort these out with the other lenders, including Satsuma.

All the other lenders accepted Miss S had been the victim of identify fraud and stopped pursuing her for the amounts borrowed. And they updated (and removed) entries on Miss S' credit record. But Satsuma wouldn't do this. It wanted confirmation from Bank 2 (and the police) that fraud had taken place. Bank 2 said it wasn't its responsibility to do this – so there seemed to be a stalemate. Miss S contacted us to try and help sort things out.

One of our adjudicators looked into Miss S' complaint. In summary, he was satisfied Miss S had been the victim here. But he did contact Bank 2 to see if it could provide something that would give Satsuma the reassurance it was after.

Bank 2 confirmed it hadn't looked into the Satsuma loan – or the payments made in respect of it – as part of its investigation. But it was satisfied that had it done so, it would have found the payments not to be genuine.

The adjudicator passed this information to Satsuma and recommended it stop pursuing Miss S for the remaining debt and remove all reference to the loan from her credit record. He also said Satsuma should refund the payments made to date on the loan and pay Miss S interest on that amount. Last, the adjudicator said Satsuma should pay Miss S £150 for the unnecessary trouble caused by not resolving Miss S' complaint sooner.

But Satsuma wasn't prepared to accept what the adjudicator recommended. It thought that perhaps Bank 2 should (now) include the amount in its fraud. It would have expected the loan payments to be included in Bank 2's investigation. Satsuma also doubted the matter was fraud because of the payments being made from Miss S' account – it thought she should have spotted what was going on with her account.

As Satsuma didn't agree with the adjudicator's view, Miss S' complaint's been referred to an ombudsman to review and issue a final decision on.

## **my findings**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

It's not always possible to get the level of evidence that either party involved in a complaint feels is appropriate. In such circumstances, I have to decide what I think is most likely to have happened.

Here, I think the adjudicator's reached the right outcome. I don't think it'd be fair for Satsuma to hold Miss S responsible for the loan. I'm satisfied – on the balance of probabilities – it was applied for fraudulently by her ex-employee. So, in summary, I think the adjudicator's recommendations are fair and reasonable.

Satsuma is right to want to be as sure as it can be that the loan was applied for fraudulently. At the end of the day, it will suffer the loss – unless the money is recovered from Miss S' ex-employee. But I don't think it's dealt with this particular case well.

Our adjudicator got reasonable assurances from Bank 2 the Satsuma loan wasn't included in any investigation it carried out into the (wider) fraud. And he passed these onto Satsuma. It's disappointing Satsuma wasn't willing to accept this information from Bank 2 sent through our service.

When I combine these assurances with the other available information (the writing-off of other loans as being fraudulent due to identity theft and an admission of fraud by the ex-employee), I think it's fairly clear the Satsuma loan was fraudulent. I think Satsuma could have brought this complaint to a conclusion much sooner than now – and not really needed a final decision from an ombudsman to do so.

That's not to say I think Miss S has acted as well as she could have done – far from it. I have sympathy for some of the points Satsuma makes. I'd have expected Miss S to take a more active interest in her (wider) banking arrangements and have spotted what her ex-employee was doing much sooner. But I also accept she'd known her for some time and established a high-level of trust in her. That's now proven to have been wrong.

Satsuma may want to pursue Miss S' ex-employee for any loss it suffers. That's obviously a matter for it to decide. But it's worth mentioning that I'd expect Miss S to offer whatever assistance she reasonably can in Satsuma doing so. And I'm confident Miss S will do so.

**my final decision**

For the reasons I've given, my final decision is that Provident Personal Credit Limited (trading as Satsuma Loans) should:

- stop pursuing Miss S for the remaining debt and remove all reference to the loan from her credit record;
- refund the payments made to date on the loan and pay Miss S interest (at 8% simple) on that amount (up to the date of settlement); and
- pay Miss S £150 for the unnecessary trouble caused by not resolving her complaint sooner.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S to accept or reject my decision before 17 March 2016.

Andrew Davies  
**ombudsman**