

complaint

Mr Z has complained Provident Personal Credit Limited, trading as Satsuma Loans, is recording details about a £700 loan on his credit record. He didn't apply for this loan in 2018.

background

After applying for a loan with his bank, Mr Z was told his credit record showed a number of loans and credit cards. He'd never applied for these. One of those loans was with Satsuma Loans. Mr Z also reported these loans to the police.

Satsuma Loans had received a fixed-sum loan application online in Mr Z's name in August 2017. They'd assessed this and granted a loan for £700. The money for the loan was then paid into Mr Z's joint bank account. Mr Z held a joint account with his wife at a bank I'll call S. This account had been opened in October 2014 and both Mr Z and his wife, Ms A, held debit cards for the account. Mr Z said he didn't know this account was still active.

Satsuma Loans confirmed they were aware of Mr Z's concerns. He'd given them permission to speak to his wife about this loan which she'd admitted to Satsuma Loans she'd taken out. It'd been paid off in full by Ms A after the outstanding debt had been referred to a debt recovery service. Mr Z believed he hadn't applied for the loan so brought his complaint to the ombudsman service (along with other complaints). He wanted this loan removed from his credit record.

Our investigator reviewed the evidence. This included the loan application and statements for Mr Z's joint current account. She felt overall the evidence pointed to Ms A having applied for the loan. It was her telephone number and email address on the loan application. However this money had been paid into the joint account. Although some of it was then transferred to a separate account in Ms A's name, she could see Ms A had made transfers back into the joint account. Direct debit payments for the loan were also made from this account.

Taking all this into consideration, she didn't think it would be fair to ask Satsuma Loans to remove this loan from Mr Z's credit record. She felt in all likelihood he'd benefitted from the loan.

Mr Z disagreed with this outcome and asked an ombudsman to review his complaint.

I completed a provisional decision on 6 April 2020. I believed Mr Z hadn't applied for the loan so asked Satsuma Loans to remove any data about this loan from his credit record.

Satsuma Loans didn't respond to the provisional decision within the timescale.

Mr Z accepted this outcome but wanted to make sure Satsuma Loans informed any third-party company debt-collecting on their behalf to be told he wasn't liable for the debt as well.

I now have all I need to complete my final decision.

my findings

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

conclusion as my provisional decision whilst taking into account what Mr Z has said. I'll explain further.

There are a number of key aspects to this complaint. Did Mr Z apply for the loan? Did he benefit from the funds? And whether this loan has now been repaid?

loan application

There is no dispute that the loan application was made in Mr Z's name. However the personal details – including the debit card information – all belonged to Ms A. That doesn't alone mean Mr Z was unaware of these loans. He could have deliberately made the application using his wife's personal details. However looking at the other loans Mr Z has also complained about, it seems clear there is a pattern of loans being taken out without his knowledge.

Our investigator has also talked to Ms A about this loan and others. She's admitted she took out this loan.

I also note Ms A also told Satsuma Loans she'd taken this loan out. The loan has now been repaid in full and no money is outstanding. Ms A paid £310.80 to Satsuma Loans on 16 January 2019.

I agree it's most likely this loan was taken out by his wife, based on what I know about Mr Z's other complaints and the evidence from Ms A.

what happened to the funds?

In her view of 10 February, our investigator showed the loan payment being made into the S account and payments that took place on that account just after that. I've looked at the detail of the transactions on the S account from June 2017 to August 2018. This was very much run as a household account and contained card payments to supermarkets and retailers, direct debits for household bills including Council Tax, child tax credits, direct debits for numerous loans, transfers between Ms A's sole account with S and this account and payments for what looks like childcare or nursery fees.

Mr Z has told us he knew this account had been opened but thought it only operated as a savings account for their son. But I can see he used the debit card he held for this account as recently as March 2018. He has told us he thought his wife may have used the card. But I think this is unlikely as she had a card of her own (which she did use) so I can't see why she'd also have used her husband's card as well.

Overall there is evidence from Ms A and the statements of the S account that show the household benefitted from the loan funds.

There's no doubt this loan, along with others, would have resulted in quite a deal of paperwork. Mr Z has told us that his wife managed the family finances and that, in itself, isn't an unusual arrangement. But for Ms A to have hidden all this activity from Mr Z would have meant quite a lot of subterfuge and sneaking around. It's difficult to imagine this wouldn't have been noticed by Mr Z. I appreciate he's told us that he believed his wife earned more than him which explained why there was the money available that resulted from the loans. From what I've seen, Ms A also managed to keep her actual job secret from Mr Z.

Ms A has confirmed a lot of the money went to refurbish another property (which has since been sold) as well as on buying household items.

What she's also confirmed is that she's taken steps to repay her debts. This loan with Satsuma Loans has been fully repaid. I've seen confirmation of this from them. This means that no third-party will be attempting to make any further collection of this debt – as it no longer exists – from Mr Z.

I understand from conversations with both Mr Z and Ms A that what has happened has had a devastating impact on their relationship and their family.

Based on what we know, I believe Mr Z didn't apply for this loan. As Satsuma Loans has no contractual agreement with him, they can't place information about this loan on Mr Z's credit record. All data related to this agreement will need to be removed.

I've also noted Satsuma Loans were aware of this situation some time ago. They've spoken directly to Ms A. They know the debt was repaid in full and that Mr Z disputed he'd taken out the loan. I think it's fair and reasonable they pay him compensation for the time they've left information on his credit record – including a default – when they shouldn't have. I believe £150 is a fair amount.

my final decision

For the reasons I've given, my final decision is to instruct Provident Personal Credit Limited, trading as Satsuma Loans, to:

- remove all data from Mr Z's credit record about this loan taken out by his wife; and
- pay Mr Z £150 compensation for the trouble caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr Z to accept or reject my decision before 11 June 2020.

Sandra Quinn
ombudsman