

complaint

Mr A complains that Provident Personal Credit Limited (trading as Satsuma Loans) holds him liable for a payday loan fraudulently taken in his name.

background

Mr A says that, following the loss or theft of his bank card, several payday loans were fraudulently taken out in his name. He says that, though other lenders have accepted this and not held him liable for the loans, Satsuma still says he must repay the £100 loan taken with it.

Satsuma says that its application record for the loan does not suggest fraud and so will not write off the loan or interest. As things were not settled, Mr A brought the complaint to this service where an adjudicator investigated it.

From the evidence, the adjudicator did not consider that Satsuma was liable to write off the loan and so did not recommend that the complaint should succeed. Mr A did not agree and, through his representative, said that they are not happy with this outcome. Mr A asked for his complaint to be reviewed by an ombudsman, as he was entitled to do.

my findings

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

I have carefully noted the suggestions that Mr A and his representative have made about how someone who had found or taken Mr A's bank card might have been able to apply for this loan without any involvement by Mr A. But I consider that significant pieces of genuine personal information about Mr A were used to make the application to Satsuma, with no plausible explanation of how a third party could have known these things.

There is also no explanation of how a fraudster came to have Mr A's personal identification number ("PIN") for the card. There would be no benefit to a fraudster from applying for a loan to be paid into Mr A's bank account unless they were also confident that they had access to the account to take the money out. Looking at the undisputed transactions on the account prior to the first payday loan, there is no obvious point of compromise.

Mr A's account has clearly been under pressure for some time, and has frequently been overdrawn in excess of its overdraft limit. I note, for example, that it was overdrawn at the time the first disputed payday loan was applied for. The net effect of the disputed loans (including the loan from Satsuma) that were paid into Mr A's account and the disputed cash withdrawals that were made from it was that Mr A has gained over £200.

Given my concerns that whoever made this loan application had a level of personal information about Mr A that has not been satisfactorily explained, as well as having his PIN, and in the light of the overall effect of the disputed transactions on Mr A's financial position, I agree with the adjudicator that Satsuma is not liable to write off this loan.

In all the circumstances, I find that Satsuma may ask Mr A to repay the loan in accordance with the loan agreement.

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 Mr A to accept or reject my decision before 29 February 2016.

Jane Hingston
ombudsman