

## **complaint**

Mr D complains that Provident Personal Credit Limited (trading as Satsuma Loans) is charging him interest on a loan which was fraudulently taken out in his name by an unidentified third party.

## **background**

Mr D says that in mid-2017 he lost his backpack, which contained his debit card, a note of his personal identification number, and his driving licence. He says he did not report the loss of his debit card straight away, and two weeks later a fraudster used his details to apply online for a loan with Satsuma Loans. The £700 loan was paid into his building society account, and all of that money was then withdrawn from automated telling machines (ATMs) over the next two days. On the second day, he reported the loss of his card to his building society, but by then all of the money had gone. Later on, once he found out about the loan, he told Satsuma Loans that he had not applied for it.

Although Mr D disputed that he had applied for the loan, he still paid back all of the £700 by the end of the year. But he complained that he should not be held liable to pay the interest, which was over £330. He also complained that one of Satsuma Loans' call handlers asked him why he was repaying the loan if he hadn't applied for it or received the money, which he says was rude. (He further said that the first of the phone calls attributed to him, in which a person claiming to be him reported the fraud, was not really made by him.)

Satsuma Loans did not agree that the loan had been taken out fraudulently, and pointed out that by repaying £700 Mr D appeared to have accepted that the debt was his. It did not agree that its call handler had been rude or had asked an inappropriate question, or that any of the calls had been made by a third party. It continued to hold Mr D liable to pay the interest. So Mr D brought this complaint to our Service. He asked for a refund of what he'd paid, and compensation for his trouble.

Our adjudicator did not uphold this complaint. He said it was unclear why Mr D would repay the principal but then not the interest, or why a third party would impersonate him and report the fraud. He didn't think Satsuma Loans was wrong to hold Mr D liable for the interest.

Mr D did not accept that decision. He said he had only repaid the capital in order to avoid debt collectors becoming involved. So the adjudicator passed this complaint to me for an ombudsman's decision.

## **my findings**

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint. I don't uphold it. I will explain why.

It is unusual for a person to repay a debt they say they do not owe. People normally only repay a debt when it is theirs. So I consider Mr D's repayments to be evidence which undermines his account of what happened. But it is not conclusive evidence, so I have considered his explanation for why he did it. Before I turn to that, I will say here that asking him for an explanation is a perfectly reasonable and obvious question to ask, and I find no fault at all with Satsuma for asking it. I do not uphold that part of this complaint.

If Mr D only repaid the £700 in order to avoid the involvement of debt collectors, with a view to getting his money back eventually, then he could have just said this to Satsuma when he was asked about it. Assuming that the reason he didn't is because he thought the question was rude (which it wasn't), then he could still have told our adjudicator when he referred this complaint to our Service. The fact that he gave this explanation for the first time only after the adjudicator had given his written reasons for rejecting the complaint strongly suggests that he hadn't thought of it sooner, and that it is not the truth. I also think that this explanation is contradicted by Mr D's refusal to pay £330 of interest, which would eventually have led to the involvement of debt collectors in any event. There seems to be no advantage to him in paying the £700 only to refuse to pay the rest, as this would bring about the situation he says he was trying to avoid.

I can see no reason why an unknown third party would phone Satsuma Loans without Mr D's knowledge and report the fraud for him. It doesn't seem like a likely thing to happen.

I do not think that there is enough evidence for me to conclude that Satsuma was mistaken to hold Mr D liable for the loan, including the interest, or that Satsuma has done anything wrong.

#### **my final decision**

My decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 26 July 2018. But if we don't hear from him, then we will presume that he rejects it.

Richard Wood  
**ombudsman**