

Complaint

Mrs L has complained that Provident Personal Credit Limited (trading as 'Satsuma Loans') is chasing her for repayments on two loans she says she didn't take out.

Background

Mrs L is unhappy that Satsuma is seeking repayment of two loans for £870 and £400, which were taken out in her name. The loan applications were made online and Satsuma paid the money directly into her bank account. Mrs L transferred the money to her daughter as soon as she received it. She said her daughter told her that her boyfriend had taken out the loans but, because of technical problems with his account, they asked for the loans to be paid into her account.

Satsuma started chasing her for missed repayments. She contacted it immediately saying the loans weren't hers. That's when she discovered they'd been taken out in her name.

She asked Satsuma to cancel the loan agreements and to remove all entries on her credit file relating to the loans. In the meantime, and at Satsuma's suggestion, she reported her daughter and boyfriend to the police.

Satsuma refused to cancel the loan agreements and decided to hold her liable for the loans. It said the loan applications were completed to a high level. Her name, address, date of birth and bank details were provided. And she knew about the loans because the money was paid into her account. However, it acknowledged the email address and phone number were not hers.

As Mrs L didn't agree with Satsuma's decision, she asked this service to investigate.

An investigator looked into her complaint and decided to uphold it because:

- the email address and mobile phone number on the application were not hers
- Mrs L transferred all or some of the money to her daughter immediately she received it and didn't spend it
- although she retained a small amount, she said it was because her daughter owed her money.

The investigator concluded that Mrs L hadn't applied for the loans and that Satsuma couldn't hold her responsible for them if she hadn't entered into a credit agreement with it. She recommended that Satsuma cancel the loan agreements, refund the repayments made and remove any negative entries on Mrs L's credit file.

Satsuma hasn't responded to the investigator's view so this case has come to me for an ombudsman's 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.

At first glance, it looks as if Mrs L applied for these loans. The application has her personal details. And she certainly knew about them because they are shown very clearly on her bank statements. She's also admitted she knew about them. So it's equally possible she applied

for the loans to help her daughter out. However, after carefully considering the evidence, I don't think it was Mrs L, who applied for the loans. I'll explain why.

I've looked at the application for the loans. The email address and telephone numbers don't match the details we hold on file for Mrs L. I accept a person might have more than one number or email address but I don't think that's the situation here. Mrs L said the number used was her daughter's work number. Also, Satsuma's notes suggest an alternative number was provided, which was registered to two third parties and not to Mrs L. There was also a 'low match' of the main number with one of the third parties.

Mrs L's bank statements show that, as soon as she received the loan advances, she transferred them to her daughter's account. This is consistent with what she's told us about 'technical problems' with the boyfriend's bank account, although I find this a rather weak explanation. I suspect the truth is neither he nor the daughter could get a loan.

Mrs L also reported her daughter to the police but for obvious reasons she didn't want to press charges. I see from Satsuma's records that it spoke to the investigating officer and he confirmed he'd spoken to the daughter but decided to take no further action. I don't think Mrs L would've reported her daughter to the police if it were she, who had taken out the loans.

I've looked at the affordability checks, which Satsuma carried out. The monthly income on the application is £5,000 per month. The disposable monthly income is £4,250. Mrs L passed the credit checks. I can see why Satsuma assessed the loans as affordable. But this information begs the question why someone with this level of disposable income and a good credit score would take out a high cost payday loan. I don't think they would. They wouldn't need a loan. And these figures are not consistent with the money going into her current account. This leads me to conclude that someone else completed the application.

Based on the evidence, I don't consider Mrs L applied for the loans. Therefore, it isn't fair for Satsuma to ask her to repay them. I will now be instructing Satsuma to put things right.

Mrs L did keep £258 from the first loan advance so I think it's fair she should repay this amount, less £50 for the trouble and upset caused by bringing the complaint to this service.

My final decision

My final decision is that I'm upholding this complaint. I'm asking Provident Personal Credit Limited (trading as 'Satsuma Loans') to

- stop pursuing Mrs L for the loans which she didn't apply for
- make sure the debt recovery agent they passed these debts to stops taking any action against Mrs L
- repay any money over and above £208 that Mrs L has paid to Provident Personal Credit Limited
- add 8% simple interest to those amounts from the date Mrs L paid them until the date of settlement; and
- remove any data about these loans from Mrs L's credit record.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs L to accept or reject my decision before 9 April 2020.

Razia Karim
ombudsman