

### **summary of complaint**

Mr E complains that he's been asked to repay a loan even though Provident Personal Credit Limited paid the money into the wrong account.

### **background to complaint**

In November 2015, Mr E applied online for a loan of £100. The loan was repayable over 13 weekly instalments of just over £11 each.

Mr E works for a bank and has 2 staff accounts. As well as having different account numbers, the account sort codes also differ, but they belong to the same bank. Unfortunately, when he applied for the loan he entered the wrong sort code with the wrong account number.

Provident says the money was paid into the account that Mr E gave details for. It believes Mr E is the account holder because its investigations suggest there's a strong match with Mr E.

The receiving bank has told us the account does not belong to Mr E.

I issued my provisional decision in July 2016. I said I was minded to uphold Mr E's complaint. This was because it was clear that Mr E had made an innocent mistake and hadn't benefitted from the loan. Also, Mr E immediately informed Provident of the mistake. But, Provident didn't try to recall the funds.

I said Provident should refund any payments Mr E had made under the loan, plus simple interest at the gross rate of 8% a year, from the date of the payment(s) until the date of the refund. I also said that any outstanding balance should be written off. And, any record of the loan should be removed from Mr E's credit file.

Mr E has accepted my provisional findings.

Provident says it tried to contact the receiving bank and it also carried out its own checks. It says what it found out differs from what the receiving bank has told us. It says the receiving bank has refused to engage with Provident's own fraud department.

### **my findings**

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

Having done so my decision hasn't changed.

Provident maintains it checked the details of the account to which the money was sent. It says its checks showed the account details were linked to Mr E. But, this isn't surprising given the account number was Mr E's, albeit with a different sort code. Also, Mr E had another account with the sort code he'd given on his loan application.

Therefore, there's no dispute that Mr E has a connection with both numbers. But, as I've said before, he made a simple mistake, which was to mismatch the account number and sort code.

The receiving bank has confirmed that the account into which the loan was paid doesn't belong to Mr E. So, another customer of that bank must have the same account number as Mr E along with the sort code for his other account. I see no reason to question the information from the receiving bank.

Provident isn't happy that the bank didn't engage with its fraud department and has asked to see a copy of the bank's fraud investigation. But there wasn't any need for a fraud investigation, there having been a simple mix up by Mr E between his two accounts.

I accept that Provident paid the money to an account which Mr E provided the details for. But, there is no evidence of fraud here by Mr E.

Also, as Mr E told Provident about the mix up immediately I would have expected Provident to try to recall the money under the Credit Payment Recovery Code, which I referred to in my provisional decision. Provident didn't do so. Instead it pursued Mr E for repayment of a loan which it knew he hadn't received. And, it did so when it could have acted promptly to recall the money, which wasn't something Mr E could do.

For these reasons, I'm not satisfied that Provident treated Mr E fairly.

### **my final decision**

My final decision is that I am upholding Mr E's complaint against Provident Personal Credit Limited.

To put matters right, Provident must now refund any payments Mr E has already made, plus simple interest at the gross rate of 8% a year, from the date of the payment(s) until the date of the refund. If there is any balance outstanding under the loan, Provident should write this off. Also, any record of the loan should be removed from Mr E's credit file.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E to accept or reject my decision before 26 September 2016.

Athena Pavlou  
**ombudsman**