

The complaint

Mrs N complains that Metro Bank plc trading as RateSetter (Metro) are holding her to the terms of a loan agreement which she says she didn't enter into.

What happened

The detailed background to this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here. In May 2023 Metro issued a loan in Mrs N's name. The loan was for £10,000 with monthly repayments of around £400 over a 30-month term. The loan was paid into an account in Mrs N's name with her bank 'L'.

On 12 June 2023 Mrs N contacted Metro and reported that she'd been the victim of a scam. She said she hadn't applied for the loan and had been tricked into sending the funds on to a scammer. As a broad summary she said she believed she was doing online work for someone she met through social media. And this involved receiving 'company funds' into her account and sending them on before she would be paid around a 40% share of what she sent on. Mrs N says there was another loan from another lender 'N' also paid into her account (and then sent to scammers).

Metro investigated but ultimately held Mrs N to the terms of the loan agreement. However, as they accepted she'd been the victim of a scam, as a gesture of goodwill they removed the fees and interest from the loan. Mrs N complained and referred the matter to our service. One of our Investigators didn't recommend that the complaint should be upheld. Mrs N disagreed and has asked for an Ombudsman to review her complaint.

What I've decided – and why

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 outcome as our Investigator and for largely the same reasons. Mrs N's testimony is that she had no knowledge that the money paid into her account was from loans in her name until she received a letter from N on 6 June 2023. She says she believed these were funds relating to her online employment which she sent on as directed.

But there is other, compelling evidence, which doesn't support that being the case. When Mrs N began instructing outgoing payments of the loan funds, L intervened and asked her questions. There were multiple calls and Mrs N gave broadly the same story which was that she was sending the money to her sister (who she lived with) and that it was for home improvements. The notes record that L were so concerned that they referred her into branch.

One of the calls (from the evening of 4 May 2023) is particularly relevant and I've copied part of it below:

L asked Mrs N what the two incoming payments to her account were. These were the loan funds from N and Metro.

Mrs N: *"Yeah, it's one from RateSetter [Metro] and one from (inaudible)."*

L: *"From where sorry?"*

Mrs N: *"[N]"...*

L: *"But these are coming as a loan from like companies. Because my concern here is that you've got two loans out and then you're sending a lot of money out the account to other people. So, I'm trying to understand why that's happening, why you've got a loan coming in and then sending the money out again. Because we do see a lot of customers that are put under pressure to make payments, you know they might be told that their account is under threat, and they need to move money to a safe account. Or they might be told to lie to the bank to say it's for something else. I had a lady who said she was buying a car, and then after we put the payment through, she called back to say she had a call from someone who was pretending to be the police. But by that time, money had gone out of the account, and she lost that money. So, I wanted to check, have you had any unusual calls from anyone?"*

Mrs N: *"No, no."*

L: *"Or is anyone putting you under pressure to move the money?"*

Mrs N: *"No, no"...*

Mrs N: *"I'm just sending money to my sister because she needs money for her house renovations."*

L: *"But what are the loans for, why did you take the loans out?"*

Mrs N: *"Because I need it because we were doing our garden and she needs money for her home renovations as well. So, I was just helping her."*

I find the contemporaneous recording of this call to be persuasive evidence. I think the above exchange evidences that Mrs N knew of the Metro loan into her account on 4 May 2023 and not later as she now states. This means it is difficult for me to place a lot of weight on Mrs N's testimony as reliable and credible evidence.

And whilst Mrs N has provided some evidence of her communication with the scammer, she hasn't been able to provide all of it due to the nature of the social media platform she used (which involves messages that later disappear). And I'm more persuaded by the evidence of her call with L. If Mrs N didn't know about the Metro loan and hadn't had any involvement in it being taken out, it's difficult to understand why she told L she had taken the loan. If she hadn't, I think it's likely she would have reported this at the time or soon after.

Mrs N also says that on the instructions of the scammer, she cancelled the direct debit in relation to the Metro loan from her account with L. This seems to be an unusual step to take on a loan she says she didn't know about.

I appreciate Mrs N now says she was following the instructions of the scammer. But again if it was a legitimate job opportunity, it's difficult to understand why this would involve not being truthful with her bank and a direct debit being set up on her account. Some of the messages Mrs N has provided also include someone being introduced to her as the scammer's 'insider'. This isn't something which makes it sound like a legitimate employment opportunity.

Taking all the evidence into consideration, I don't think Metro holding Mrs N to the terms of the loan agreement is unfair or unreasonable. I think the evidence supports that it's more likely than not that she had involvement such that this is a fair outcome. I note that Metro have agreed to waive interest and charges in relation to the loan. This is to Mrs N's benefit and not something I think is unfair. I also accept that Mrs N is in a difficult financial position.

So, whilst I'm not upholding this complaint, I'd still expect Metro to treat her sympathetically and fairly in relation to the outstanding debt.

My final decision

For the reasons outlined above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs N to accept or reject my decision before 30 November 2023.

Richard Annandale
Ombudsman