

## **The complaint**

Mr R complains that Chetwood Financial Limited trading as BetterBorrow (BetterBorrow) is holding him liable for a loan which he says he did not apply for. He said he was the victim of a scam, and the scammer took out the loan without his knowledge.

## **What happened**

The background to this complaint is well known to both parties and so I'll only refer to some key events here.

On 27 July 2022 BetterBorrow received and approved a loan application for £10,000 in Mr R's name. The loan was to be repaid over 36 months, with monthly repayments of just under £357 a month. The funds were paid into Mr R's personal current account and a direct debit was set up to receive loan repayments from the same account.

On 28 August 2022 Mr R contacted BetterBorrow and said he hadn't taken out the loan. He explained that he had fallen victim to a crypto investment scam in July 2022. He explained he found an advert online for a crypto investment opportunity and decided to invest. He said the scammer led him to believe that after an initial successful investment (of just over £2,200) he had become a "privileged" customer and would receive a "surprise" £10,000 into his account. He transferred £9,729.10 of the loan funds, on instruction of the scammer, to another account in his name, before transferring it to a crypto exchange and ultimately into the control of the scammer.

BetterBorrow investigated and recognised Mr R had been the victim of a scam. They accepted he hadn't entered into the loan agreement with them. So, they said they would remove all reference to the loan from Mr R's credit file and remove any interest and charges from the loan amount. But they explained they still intended to pursue him for repayment of the principal sum. It said that Mr R had provided the scammer with sufficient information about himself that they were able to successfully impersonate him in the application. It said he had also transferred the loan funds on in the hope of making a financial gain.

Mr R complained and subsequently referred the matter to the Financial Ombudsman. He disputed that he had provided the scammer with information to apply for the loan. He also said he didn't know the funds had come from a loan until the month after he received the funds. He said he was first alerted to it being a loan when he received notification of a direct debit coming out of his account, which he subsequently cancelled with his bank.

Our Investigator thought that BetterBorrow had acted fairly in the circumstances. He thought that, on balance, Mr R ought to have been aware that the funds received into his account had come from a loan, as they showed as being received from "BetterBorrow Loan" on his bank statement. He also noted Mr R had utilised the loan funds when he transferred them from his account as part of the "investment". As a result, he didn't recommend that BetterBorrow needed to do more to resolve the complaint.

Mr R didn't agree with the Investigator's conclusions. In summary he said:

- He disagreed that he should have realised the funds came from a loan. He said he only became aware of BetterBorrow the following month when he was notified of the direct debit.
- He could not remember what he saw when he first noticed the credit in his account.
- Things happened so quickly that he didn't have time to think about whether the funds were in fact a loan, and instead believed the scammer when they said it was a "surprise for being a good customer".
- He had not utilised the loan funds and thought he was transferring the funds to the crypto exchange.
- BetterBorrow should take responsibility for scammers being able to use their services to take out loans against innocent people.

Mr R asked for an Ombudsman's decision on the matter, so the case has been passed to me to decide.

### **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 am not upholding this complaint. And for largely the same reasons as our Investigator. I understand that this will be extremely disappointing for Mr R. There's no doubt that Mr R has been the victim of a cruel scam, and I don't underestimate the financial and emotional impact that has resulted from the scam. While I don't want to add to Mr R's worries, for the reasons I'll go on to explain, I think BetterBorrow has acted fairly.

I think it would be helpful to firstly set out some things that are broadly agreed upon by both parties. Everyone agrees that Mr R has been the victim of a scam. It is accepted that Mr R himself didn't make the loan application (or have knowledge of it at the time) and that its most likely this was done by the scammer, with information they'd tricked Mr R into sharing when he believed he was completing an application as part of the investment.

It is also agreed that BetterBorrow credited Mr R's bank account with £10,000 on 27 July 2022 and that this money was then paid out of that account by Mr R.

Mr R had shared his details with the scammer - including information about where he worked and went to school - so when BetterBorrow processed the loan application, I don't think they reasonably could have known they weren't dealing with the genuine Mr R at that time.

In these circumstances I agree that it wouldn't be fair for BetterBorrow to hold Mr R liable for any interest or charges associated with the loan, as this formed part of an agreement he didn't enter into. BetterBorrow removing interest, fees and charges and removing the loan from his credit file is what I'd expect it to do. So, all that remains to be decided is what ought to be done in relation to the £10,000 that BetterBorrow paid to Mr R.

As I've mentioned, BetterBorrow did pay this money into Mr R's account. So, I must decide if this is a case where the fair and reasonable outcome is for me to tell BetterBorrow that they can't pursue Mr R for this amount. I don't think it is, and I'll explain why.

Mr R has been asked for his recollection and understanding of why he received the credit into his account, and what he understood the onward payments related to, both by our Investigator and by BetterBorrow as part of their investigations.

Mr R explained that he was aware that he would be receiving a “surprise” of £10,000 into his account, as his previous investments had been so successful, and he’d been upgraded to a “privileged” customer. He was advised he needed to transfer the money on to the trading account for it to be traded at the weekend as part of a time-limited opportunity. He was also told he needed to complete an application as part of this trading opportunity – it was at this point Mr R was asked where he worked and where he grew up and went to school. He accepts in hindsight this was likely when the loan was applied for.

Mr R said he panicked when the money came into his account. He told the scammer that he was worried that there were lots of scams going on, but that he was reassured when the scammer sent him a copy of his passport. Mr R said he asked if he could just keep the money instead of trading it, but he was advised against it.

Mr R said he did not initially notice the money coming into his account, but the scammer had told him it was there, which made him then check his account. Mr R couldn’t recall exactly what he saw at the time but said he may have clicked on the £10,000 transaction and may have seen “BetterBorrow”, but he did not see the word “loan” or realise that the funds related to a loan.

I’ve seen a copy of Mr R’s bank statement when the loan funds arrived in his account. It appears as ‘BetterBorrow Loan’ followed by a reference number that is shown alongside the loan amount. I don’t think this is ambiguous and I think any reasonable person ought to have known that these funds were the proceeds of a loan. And I don’t think it’s reasonable that Mr R didn’t take any further steps to confirm the origin of the funds, prior to transferring the majority of them out of his account, particularly as he had himself expressed concern about receiving the funds and had identified the risk of scams. Mr R could have spoken to an independent third party, rather than the scammer (as they would naturally provide reassurances) before transferring the money from his account. Indeed I note that it was very shortly after Mr R transferred the money from his account that he did speak to friends about his suspicions and it was then that the scam unfolded.

I also think Mr R should also have realised that the scammer’s suggestion he would receive a £10,000 payment was implausible – or at least too good to be true – given he’d only invested just over £2,200 up to that point.

In these circumstances, I don’t think it would be fair or reasonable for me to prevent BetterBorrow from seeking to recover the money they paid into Mr R’s account. It is clear Mr R utilised the funds in the hope of making a profit from the investment. I think he also ought reasonably to have realised that the funds were the proceeds of a loan. As such, I’m not going to require BetterBorrow to do anything further to resolve this complaint.

BetterBorrow has acknowledged that Mr R may struggle to repay the outstanding loan amount in one go and has offered to discuss repayment options with him. I think this is reasonable in the circumstances.

### **My final decision**

For the reasons set out above, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr R to accept or reject my decision before 18 January 2024.

Lisa De Noronha  
**Ombudsman**

