

The complaint

Miss A complains that Quidie Limited trading as Fernovo ("Fernovo") have held her liable for a loan she denied applying for.

What happened

What Miss A says

Miss A explained that she noticed a number of loans had been applied for in her name. She then contacted the various loan companies including Fernovo (who she had a prior relationship with from an earlier loan) about the checks/applications that had been carried out relating to her credit file. Miss A says she never received a response from Fernovo at the time. Miss A says the other loan companies responded to her enquiries.

Miss A noticed £300 had been paid into her account by Fernovo and then saw two payments leaving her account for £150 each which she initially thought were the payments returning to Fernovo. After reporting the issue to her bank, Miss A asked Fernovo why they'd done this. Miss A didn't receive any response and some months later, she noticed her credit file showed an outstanding loan with Fernovo for £300.

Miss A got back in touch with them and asked about the loan. Fernovo confirmed the loan had been paid into Miss A's account and their records showed that a different phone number and email address had been used to set up the loan.

Miss A denied making the application and believed her account had been taken over by an unknown third party. Fernovo held Miss A liable for the loan and Miss A complained about the way that Fernovo had handled her situation. Fernovo declined the complaint and Miss A brought her issue to the Financial Ombudsman Service for an independent review.

What Fernovo say

Fernovo don't appear to have answered Miss A's initial contact with them (as far as details supplied to our service show). A series of emails were exchanged after Miss A again brought her issue to Fernovo's notice, some months after the loan was paid into her account. After looking into the situation, Fernovo believed Miss A was responsible for the loan and held her liable for it.

The investigation so far

Fernovo and Miss A were asked to provide evidence relating to the complaint and Miss A supplied correspondence she'd had with various organisations showing other credit searches for loans, including one for a successful loan that Miss A was able to stop. Miss A also confirmed she hadn't allowed anyone else to use her account or given those details to anyone else. She also said she hadn't clicked on any suspicious links or downloaded software. Miss A also believed that Fernovo had breached her data protection by sending emails to the unknown email address during the complaint.

Fernovo didn't respond for some time and based on their lack of response, the investigator assigned to the complaint issued an initial report upholding Miss A's complaint. This was based on her evidence and testimony. Fernovo were then able to send in their evidence which was again considered by the investigator.

Fernovo said that whilst the email address and phone number were different to the one originally registered with them by Miss A, those details were changed on their website. This required the user to know the original email address and password registered with them or to have access to Miss A's email in order to make these changes.

Fernovo said that the bank account used for this latest disputed application was different to the one originally declared by Miss A, but it was also one used by Miss A which had been recorded in an earlier application by her some years previously.

Fernovo remained of the opinion that Miss A was responsible for the loan. They said they would remove any interest or charges and update her credit report but believed she should pay back the substantive loan.

Enquiries were carried out with Miss A's bank that had received the loan and they were able to say they'd received Miss A's notice about the loan and the subsequent unrecognised transactions leaving her account (2 x £150 payments).

Miss A had told her bank she'd lost her bank card when all the loan issues happened. She said the money had been sent to a crypto trading account in her name that someone had also taken over by changing the login details.

Miss A's bank held her liable for the outgoing payments linked to the incoming loan. They said that they were sent using Miss A's usual mobile banking device and went to an account that she'd paid previously.

After reconsidering the complaint based on the new information, the investigator didn't uphold it, believing that Miss A was likely responsible for the loan. It was recommended that Miss A repay it to Fernovo.

Miss A disagreed with the investigator's outcome and commented that:

- No one had access to her genuine email address.
- Miss A didn't apply for the loan.
- Miss A continued to deny she'd authorised the outgoing payments from her current account and questioned how those payments were carried out.
- Miss A thought that the money (loan) had been sent to a crypto trading account she held in her name (referred to here as N), which had also been taken over by an unknown third party. Miss A later said it was likely a different crypto account (referred to here as C) that the funds had gone into that had also been taken over.
- Miss A said her bank couldn't tell her how the funds had been dispersed.

As no agreement could be reached, the complaint has now been passed to me for a decision.

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.

The crux of this complaint is that Miss A strongly denies applying for the loan or its subsequent transfer to one of her own crypto accounts, before the funds were exchanged and applied to a "wallet" that hasn't been traced. The "wallet" refers to how crypto funds are stored and controlled.

Fernovo said that the application for the loan was made after the original email address was changed and a new phone number added. They believe that whoever applied for it knew details about the loan account's password and had access to Miss A's email account. They believe that Miss A herself was responsible as the loan was also paid into one of her bank accounts and then used to purchase crypto funds.

If the evidence points towards Miss A having knowledge of the loan or being involved in moving the funds, she would be held liable to pay the substantive loan amount back. But, if on balance, the evidence shows Miss A's account(s) were taken over by unknown third parties, then she wouldn't be liable for the loan and Fernovo would be required to write it off.

Miss A told her bank that she'd lost her card prior to the various account takeovers starting. The banks' contact notes state that Miss A told them the funds had gone to her crypto account after someone had compromised her bank account. She said her crypto account had also been compromised.

Later, she claimed not to know which account the funds had gone to when communicating with our service, although she later identified it was her account held with C that the funds were transferred to. Miss A also stated that she was unaware of how the funds had been dispersed from her account – but her bank had already held her liable for making the payments herself because her mobile banking app on her phone had been used to set up the payments.

I acknowledge the evidence supplied by Miss A showing various discussions with other merchants/loan companies recognising changes in her account details, including with C and N. This showed various accounts had been changed, which Miss A believes is the result of the same third party who compromised her Fernovo account and by extension her bank account.

When I've considered this scenario, in order to falsely apply for a loan, move those funds from her bank account into another of Miss A's accounts (with C), it would take several different accounts to be compromised. Miss A has already said she hadn't provided her details to anyone else or clicked on links that may be suspicious. So, it seems unlikely that a third party could obtain all these details in order to breach the various accounts without Miss A being aware of it.

For someone to breach a bank account, it would take several pieces of security information known only to Miss A and take require several steps designed to prevent such take overs. It's her banks view that the disputed funds were moved using her own phone with her banking app loaded onto it. I've seen the records showing this, so I doubt that a third party was involved with the funds payments to her account with C. The same goes for the changes to her account held with Fernovo – again the original password and email or access to her email would be required (to force a password change) – which doesn't seem likely given the scenario painted by Miss A.

Overall, the balance of the evidence shows that Miss A had knowledge of the loan and it's unlikely that all of her accounts could have been taken over without her knowledge. Because I'm satisfied that the two outgoing payments from her bank account were made with her usual device, I think it's both fair and reasonable for Fernovo to hold her liable for the substantive loan repayment.

Fernovo had already stated that they would remove all interest and charges from the loan and remove the loan from her credit record. They've also said they're ready to arrange a suitable repayment plan for the loan. I think this is a reasonable approach from Fernovo and I won't be asking them to do anything further.

It follows that as I think Miss A likely had knowledge of the loan, it's more likely than not that she also had knowledge of the other account set up to arrange the loan, so I won't be further considering her claims regarding data protection. If Miss A wishes to take her complaint regarding her personal information, she's free to raise it with the Information Commissioners Office.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss A to accept or reject my decision before 13 November 2023.

David Perry
Ombudsman