

The complaint

Mr E complains that Metro Bank PLC trading as RateSetter ("RateSetter") is holding him liable for the debt on a loan he says he didn't consent to.

What happened

The background to this complaint is well known to both parties, so I won't repeat everything here. In brief summary, in February 2023 a loan was taken out with RateSetter in Mr E's name for £10,000. Mr E subsequently got in touch with RateSetter to let it know he didn't consent to the loan. RateSetter investigated things and ultimately couldn't reach agreement with Mr E, so he referred his complaint about RateSetter to us. Our Investigator couldn't resolve things informally, so the case has 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.

Having done so, I've decided to not uphold this complaint for materially the same reasons as our Investigator.

It doesn't seem to be disputed that at the time of the loan application Mr E was in touch with, and being scammed by, a third-party. However, this doesn't automatically mean RateSetter should be required to do more than it has offered to (for example, by removing the loan from Mr E's credit file and/or writing it off).

Mr E was fully aware at the time that he'd given his ClearScore and banking information to the third-party and that they'd applied for the RateSetter loan in his name. The application contained Mr E's correct details. And Mr E contacted RateSetter about the loan before it was granted (to check when it would be paid into his account). There is no question: Mr E knew about the loan, and he knew the funds were paid into his bank account.

I understand the loan funds, or some of them, were then moved out of Mr E's bank account. And Mr E says the whole thing was a trick by the third-party and he therefore didn't consent to the loan with RateSetter. But I don't agree: I think it's clear Mr E *did* consent to the loan with RateSetter, it's just he didn't realise at the time the third-party was otherwise tricking him. Mr E has my sympathy in this regard, but I don't think this was RateSetter's fault. RateSetter granted the loan to Mr E in good faith, in circumstances where Mr E was fully aware of the loan and the funds were paid into Mr E's account from where he had use of them.

RateSetter has accepted Mr E has been the victim of a scam and it has offered to remove the loan fee and interest, on the basis that Mr E would remain liable for the capital. Given what I've said – about RateSetter not having done anything wrong and unfortunately Mr E being tricked by a third-party which wasn't RateSetter's fault – I'm satisfied this is fair and reasonable.

My final decision

For the reasons explained, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E to accept or reject my decision before 12 December 2023.

Neil Bridge
Ombudsman