

The complaint

Mr K complains that Chetwood Financial Limited trading as Better Borrow ("BetterBorrow") is holding him liable for the debt on a loan which he says he neither applied for nor knew about.

What happened

The background to this complaint is well known to both parties, so I won't repeat everything here. In brief summary, in October 2022 a loan was taken out with BetterBorrow in Mr K's name for £8,000. Mr K subsequently got in touch with BetterBorrow to let it know he hadn't applied for the loan. BetterBorrow investigated things and ultimately couldn't reach agreement with Mr K, so he referred his complaint about BetterBorrow to us. As an Investigator here couldn't resolve the matter informally, 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.

This is because if the loan was taken out without Mr K's knowledge and/or consent and he therefore didn't enter into the loan agreement (as Mr K alleges), then I wouldn't reasonably expect BetterBorrow to hold Mr K to the terms of the loan agreement he never saw or agreed to. In which case, I would think BetterBorrow shouldn't hold Mr K liable for interest and charges, and neither should there be a record of the loan on Mr K's credit file – so if there currently is, this should be removed. However, BetterBorrow has already offered to do this, and I think this is fair.

BetterBorrow says Mr K should still repay the principal loan balance of £8,000. I have to be fair here. I agree with this. I don't think BetterBorrow was reasonably to know at the time there was anything untoward about the loan application. I take on board what Mr K has said about how he was tricked and scammed. But I'm not persuaded I can fairly say Mr K took reasonable steps at the point the loan funds landed in his Barclays account to mitigate matters, check the source or reasons for the funds sufficiently, or verify the funds weren't a loan in his name. Instead, Mr K moved the loan funds straight onto his Monzo account from where I understand he then sent them on again for what he thought would be a legitimate investment. Mr K therefore had use of the loan funds. And I'm sorry if he then lost them to a scam, but I don't think this was BetterBorrow's fault. So, I'm satisfied here, I can't fairly tell BetterBorrow that it should not be able to pursue Mr K for any of the loan funds that are still outstanding, or that it should be required to refund to Mr K any repayments to the loan he has already made (if any).

For the reasons explained, I'm therefore satisfied that what BetterBorrow has offered to do is fair and reasonable, so I don't uphold this complaint.

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 K to accept or reject my decision before 13 February 2024.

Neil Bridge
Ombudsman