

## **The complaint**

Miss S complains that Inclusive Finance Limited (trading as Creditspring) is holding her liable for the debt on a loan which she says she neither applied for nor knew about.

## **What happened**

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

In June 2023 a loan was taken out with Creditspring in Miss S's name for £500. The funds were paid into an account held in Miss S's name with an electronic money institution (EMI) referred to here as ('R').

Miss S subsequently got in touch with Creditspring to let it know she hadn't applied for the loan. Creditspring investigated things and ultimately couldn't reach agreement with Miss S, so she referred her complaint about Creditspring to us.

Our Investigator upheld the complaint in full. Creditspring provided no information about the complaint, and initially didn't reply to our Investigator's opinion. So, the case was passed to me to consider and issue a final decision.

Creditspring then contacted us to say it accepted our Investigator's opinion in full. But it hasn't completed the action it said it would do to resolve this complaint – nor has it replied to my correspondence requesting it do so. And so, I'm now issuing a final 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 uphold this complaint for the same reasons as our Investigator.

Where the evidence is incomplete, inconclusive, or contradictory, I must make my decision on the balance of probabilities – that is, what I consider is more likely than not to have happened in the light of the available evidence and the wider surrounding circumstances.

In this case, my first consideration is: did Miss S enter into this loan agreement, or was it done without her knowledge and consent as she alleges?

Having considered this carefully, I think it's most likely the loan was taken out in Miss S's name without her knowledge and consent, and she therefore did not enter into the loan agreement. I'll explain why.

Firstly, Creditspring hasn't provided us with any information about the loan application or the credit agreement – nor has it given us information on the checks it carried out before approving the loan. Whilst this information would be helpful, unless there was specific information within the application that should've alerted Creditspring that the application may

not be genuine – it wouldn't reasonably have known. And it wouldn't be fair to expect Creditspring to suspect every application it receives is fraudulent without any basis for doing so.

So, in deciding whether Miss S consented to or knew about the loan, I've thought carefully about the information we do have, as well as Miss S's testimony.

Our Investigator obtained evidence from 'R' to indicate this account was most likely taken out fraudulently in Miss S's name. And given this was the account the £500 loan funds were paid in to, I think it's likely, on balance, that the person who opened this account using Miss S's personal details was the same person who applied for the loan.

Miss S has also been consistent in her account of what has happened here – and I can see she's provided confirmation that another loan with a different company was applied for fraudulently in her name. This all suggests to me that Miss S has more likely than not been the unfortunate victim of identity fraud.

Since I'm satisfied Miss S most likely didn't apply for or agree to this loan, I don't think it would be fair for Creditspring to hold her to the terms of the loan agreement she never saw or agreed to. So, Creditspring shouldn't hold Miss S liable for interest and charges, neither should there be a record of the loan on Miss S's credit file – so if there currently is, this should be removed.

However, I'm also satisfied in this case that it wouldn't be fair for Creditspring to pursue Miss S for the loan funds. I say this because I've seen no evidence that she received any of those funds or benefited from them in any way. And Miss S has provided correspondence showing the funds were paid into the account with 'R'; an account which, as I've outlined above, I'm persuaded Miss S neither applied for nor had any knowledge of.

I've also thought about whether Creditspring should compensate Miss S for the distress and inconvenience caused. It's ultimately the fraudsters who are to blame for the situation Miss S has found herself in, but from looking at the correspondence between Miss S and Creditspring; I agree with our Investigator that it could've done more to assist Miss S during what was clearly a very distressing time for her.

Creditspring delayed in responding to Miss S and didn't address all the points she made. Because of that, Miss S became understandably frustrated and concerned, whilst still being pursued for a debt she was disputing. To put that right, Creditspring should pay Miss S £100 for the distress and inconvenience caused.

Taking everything into account, I don't think Creditspring has been fair and reasonable in holding Miss S liable for this debt. And its dealings with Miss S in trying to resolve matters could've been better handled.

### **My final decision**

For the reasons explained, I uphold this complaint and I direct Inclusive Finance Limited (trading as Creditspring) to:

- write off the loan and not pursue Miss S for any repayment of the loan;
- amend Miss S's credit file removing any information about the loan and searches; and
- pay Miss S £100 for the distress and inconvenience caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S to accept

or reject my decision **before 23 May 2024.**

Anna Jackson  
**Ombudsman**