

## **The complaint**

Miss A is unhappy that HSBC UK Bank Plc allowed a current account to be fraudulently opened in her name. She's also unhappy with how HSBC handled matters after first reporting the fraud and the knock-on effect this caused.

## **What happened**

Both Miss A and HSBC are acutely aware of what happened and the specifics of Miss A's complaint, so I'll just summarise the main points again below.

In April 2020, a fraudulent application was made for an HSBC Premier current account in Miss A's name. A few days later, Miss A discovered what had happened and reported the issue to HSBC.

HSBC accepted Miss A had been the victim of impersonation fraud and closed the account. They informed Miss A of this by letter, two weeks after she'd told them of this. They also confirmed that all links to the fraudulent account would be removed from her credit file, as well as explaining her details would be added to the CIFAS database in order to try and help prevent this from happening again in the future, either with them or any other financial services provider.

Miss A raised a complaint with HSBC about how they'd handled the fraud claim, alongside her concerns with how the account had been allowed to be opened in the first place.

HSBC responded to the complaint and accepted they could've handled things better. They credited Miss A's account with £100 compensation to reflect the trouble and upset she'd been caused, to include the cost of the additional registration she'd made with CIFAS.

Miss A remained unhappy with HSBC's response and brought her complaint to our service. One of our investigators considered the complaint. During their investigation, HSBC agreed to increase the amount of compensation offered to Miss A by a further £50 – bringing the total amount to £150.

In their view, the investigator told Miss A that they considered this updated offer to be fair. But Miss A disagreed – so the complaint was passed to me for a decision.

## **What I provisionally decided**

In advance of this final decision, I issued a provisional decision in which I indicated I was minded to uphold this complaint.

I didn't think the £150 offered by HSBC fairly acknowledged the specific impact caused to Miss A. This was because I had found:

- HSBC ought to have been aware of some red flags during the application. So, I thought it would've been reasonable for HSBC to have taken some additional steps to verify whether it was Miss A who had applied for the account. Had HSBC carried out these further checks – it may well have been possible to prevent the further worry and distress caused to Miss A.
- HSBC should've done more to update Miss A in the two weeks it took for them to notify her that the account had been confirmed as fraudulent. Miss A was clearly

worried about this and how the fraud may have happened. So, I thought this would've added to the level of worry and distress Miss A experienced as well.

- HSBC failed to correct the status of Miss A's genuine accounts until October 2020 after they'd been impacted by the fraudulent application. I thought the amount of time it took to also resolve this issue would've caused additional concern for Miss A too.

For these reasons – I provisionally found that HSBC should pay Miss A £150 on top of what it had already offered. That meant the total amount of compensation would be £300.

### **Responses to my provisional decision**

HSBC confirmed it would accept my proposed redress.

Miss A acknowledged my provisional decision but asked me to consider increasing the amount HSBC should pay to £500 in total. She explained the whole chain of events had been a very draining experience for her. And on the back of this scenario, she had to pay for an account with CIFAS, as she hadn't heard anything from HSBC at that time. She also incurred additional expenses by paying to have her post re-routed in order to keep this secure and also to do various checks with the credit report providers.

### **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 still think that my proposed total redress of £300 is fair and reasonable on this occasion. I completely understand the actions Miss A has told me she took after this incident. I think they were all sensible things to do – especially as it seems someone may have obtained her personal data – as that's what was used to make the application to HSBC.

But when considering what I think is fair and reasonable, I've had to think about how HSBC's actions made things worse. With this in mind, I don't think all the expenses Miss A incurred are something that HSBC needs to compensate Miss A for here. There's no evidence HSBC were responsible for the fraudster getting Miss A's details in the first place – so I think her data must have somehow been available externally. So, whilst I agree HSBC could've done more at the time of the application – it was the fraudster(s) who were able to obtain enough data in order to make the application in the first place. And that was what Miss A was trying to protect herself from in the actions she took, in case those fraudsters tried it again.

Miss A was told in the letter she received two weeks after she'd reported the incident to HSBC, that CIFAS had been notified of what had happened as well – which was a reasonable step for HSBC to have taken. I do appreciate Miss A would've been incredibly worried about what was happening. But as HSBC had notified CIFAS themselves, and it's first offer of £100 compensation was expected to include any similar expenses Miss A had incurred, I don't think it needs to pay her anything more here.

I appreciate how upset Miss A was with HSBC's handling of matters. And as I've already mentioned in my provisional decision, I do agree that there were some things which the bank didn't handle particularly well. As a result of Miss A's complaint, I am told the bank is taking steps to change its processes to improve things for other customers in the future. But in terms of the fair amount of compensation for how this all made Miss A feel, I still think the amount I suggested in my provisional decision is fair.

So, I'm adopting the findings in my provisional decision in full in this final decision. And I will require that HSBC pay an additional £150 on top of what's already been offered – bringing the total compensation amount to £300.

### **My final decision**

It's my final decision to uphold this complaint. I require that HSBC UK Bank Plc pay Miss A total compensation of £300 for the way that they have made her feel, less any amount that they have paid to her already.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss A to accept or reject my decision before 10 January 2022.

James Kennard  
**Ombudsman**