

## The complaint

Mr O is unhappy that HSBC added a CIFAS marker to his record which resulted in his bank accounts elsewhere being closed. He said this had a substantial impact on his wellbeing and university studies and he is seeking compensation from HSBC.

## What happened

HSBC received several claims of fraud against Mr O's account in 2019. Following this it decided to close his account and add a CIFAS marker to his records, in July 2019.

On 02 February 2021, Mr O contacted HSBC to say his account, with a different bank, had been closed and he wasn't able to open another one. He'd found out that the marker HSBC had added was the reason for this and so raised a complaint.

HSBC looked into things and provided its final response on 23 February 2021 to say it would remove the CIFAS marker and pay £250 in compensation for the inconvenience caused.

Mr O explained in more detail the impact the CIFAS marker and account closure (of the other account) had had on him. He said:

- He'd been studying for his final year at university and having his bank account closed became overwhelming and he fell into depression leading to suicidal thoughts. And, as Covid-19 hit he also had to self-isolate at this time. He went several weeks with no bank account and was in isolation – which resulted in him not eating for weeks and he continued to not eat properly.
- He's been left traumatised and is still suffering the effects months later – he's now clinically diagnosed with depression and anxiety because of the bank closure, and missed out on his entire final year of studies. He's repeating his final year of studies and is seeking for HSBC to pay his student accommodation fees which he says amount to £6,500.
- He says he shouldn't be expected to pay fees to repeat a year which was ruined by HSBC.
- He had no source of income and no way of accessing funds for five months.
- Mr O said whilst he was grateful for HSBC removing the marker, he felt £525 would be a reasonable amount of compensation. He said he had to repay a £125 student hardship loan and so the higher compensation amount would leave him with £400. He said this would compensate him £100 for every month he was without an account and provided an additional £100 for the impact on his mental health.

HSBC considered Mr O's further comments and decided to increase its offer to £525 as the maximum compensation it would provide. HSBC credited Mr O's account with the £525 in full and final settlement of his complaint. Mr O responded to say he was still suffering with his mental health and, after speaking with his university, felt the amount in compensation still wasn't fair as his grades were affected and says HSBC's error was mainly to blame.

Unhappy with HSBC's response Mr O brought his complaint to our service. In doing so he provided correspondence with the university during the time he says he was without an account and his mental health was impacted. He said he's seeking £6,500 to cover his university accommodation fees for re-taking his last year.

One of our investigators looked into things and said:

- As a result of the CIFAS marker Mr O was without a bank account for several weeks.
- HSBC has since accepted it shouldn't have applied the CIFAS marker.
- He considered the impact of the marker and account closure on Mr O and felt it was significant and still impacting him now.
- Mr O had attempted to mitigate his circumstances by going to his Student Union for support. He was given cash to use for essentials – which was challenging in and of itself due to the restrictions in place as a result of Covid, to make face to face transactions, using cash.

He recommended that HSBC pay a further £500 in compensation to Mr O to reflect all of the above. He considered Mr O's claim for £6,500 of accommodation fees but didn't think it would be fair to ask HSBC to pay these. He said he couldn't reasonably conclude that HSBC's error was the sole reason Mr O had needed to re-sit his final year of university. And whilst he didn't doubt the marker had been a factor there were a lot of different things that could have contributed to this.

HSBC agreed but Mr O didn't. He said he was left without a bank account for over five months which was his whole first semester of university. He stood by the amount of compensation he was requesting from HSBC. He said the investigator had agreed that HSBC had wrongly added the CIFAS marker and he therefore felt it should be held responsible for the damage caused. He said he was seeking £6,500 plus the £500 in compensation.

As Mr O didn't accept the recommendations by the investigator the complaint was passed to me.

In the course of my investigation, I have asked Mr O for additional information and evidence to support his claim for compensation. And I've spoken to Mr O about the impact these events have had on him.

Mr O has provided emails between him and his university about extending deadlines for coursework as well contact with the mental health support team at the university. He's also provided evidence of his partner helping him pay his rent and some small payments for food during this time. He says he tried to open accounts elsewhere and has provided some evidence to show the accounts he opened, which he then says were later closed. I've taken all of this into account when reaching my final decision on this complaint.

### **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 think the compensation recommended by the investigator is fair and reasonable in the circumstances and I'll explain why.

HSBC took action following reports of fraud on Mr O's account and I can see that there was some contact between Mr O and HSBC at this time. This resulted in HSBC not being satisfied with Mr O's responses and it deciding to close his account and add a CIFAS marker in July 2019.

Mr O didn't contact HSBC again until 02 February 2021 when he says his account elsewhere had been closed and he couldn't open another account. He'd discovered this was due to the CIFAS marker HSBC had added.

HSBC ultimately decided to remove the CIFAS marker and said this was an error and recognised this would have had some impact on Mr O, offering £250 in compensation at the time. As the marker was removed by HSBC, I haven't considered whether it was correct to add it in the first instance but given the claims it received and records of the responses Mr O gave I can see why it might be reasonable to conclude it took the action that it did at the time. . But I've gone on to consider Mr O's comments and evidence carefully when thinking about the impact of the CIFAS marker on his circumstances.

### **Length of time without access to funds**

Mr O contacted HSBC on 02 February and by 23 February 2021 it had responded to say it would remove the marker. So I'm satisfied that HSBC acted within a reasonable time frame when reviewing the marker and deciding to remove it, once Mr O raised a complaint. Mr O has said several times that he was without an account or access to funds for five months. But I've also seen he's said this was only for two weeks, in correspondence with his university. I haven't seen enough evidence to conclusively say exactly how long Mr O was without an account.

It's also not clear when Mr O's other bank account was closed and what happened following this. For example, we don't know what the other bank said when the account was closed, how quickly he contacted his bank to query the closure, what he was told, and what was discussed about accessing any funds in that account.

Mr O has provided a response from his bank to show he appealed the account closure and received a response in January 2021. But that doesn't establish whether, up until that point, any delays were on Mr O's part or his bank's, in trying to resolve this issue.

I appreciate Mr O was without an account for at least some time and this would have been distressing and inconvenient for him. But it seems likely that the length of time Mr O was without access to funds isn't as a direct result of his interactions with HSBC. So I don't think it would be fair to hold HSBC responsible for that as I can see it reviewed and removed the marker within 21 days.

I can see he did try to open bank accounts elsewhere and he says these were later closed as a result of the marker. And although he hasn't provided evidence of the accounts being closed, I think it's possible that the banks decided to do so following checks and discovering the CIFAS marker. So I accept Mr O would have had trouble in opening an account elsewhere. Generally speaking, and without making any finding against any other account provider Mr O may have approached, a bank isn't meant to decline an account solely based on a CIFAS marker being present. And Mr O ought to have been able to open at least a basic bank account. Other banks not following those standards is outside of HSBC's control.

I also acknowledge that this all occurred during a global pandemic, which placed additional restrictions on the public in general, and would have made using cash more difficult for Mr O.

I can also see that his partner was also able to pay his rent on his behalf and there are some other payments made for him/by him as well. So Mr O was able to make some alternative arrangements, in light of his account being closed, to mitigate his situation. And Mr O says he was able to obtain a cash loan from his Student Union as well to help pay for a few things. So he was able to limit the impact of the marker and lack of bank account to some extent.

### **Impacts of these events**

Mr O has said the long-lasting impacts of all of this means he was diagnosed with depression and failed his final year of university. But I can see from correspondence Mr O has provided that he had been suffering with his well-being and mental health before these events occurred. In one piece of correspondence dated January 2021 he said he'd been living with depression for the previous 8 months. So I'm not persuaded that the marker was the sole factor for Mr O's well-being at the time. Although I acknowledge it would have an impact on his mental health, given the difficulties it then caused (which I have mentioned above) but I don't think it would be fair to say it was sole factor.

Mr O says this all caused him to fail his final year of university. But I can't reasonably conclude that HSBC's error was the sole reason Mr O needed to re-sit his final year of university. And whilst I don't doubt the marker had an impact on Mr O, there are a lot of different elements that could have contributed to this. I'm satisfied the consequence of this is too remote from the error by HSBC for it to be something the bank should reasonably compensate Mr O for.

### **Compensation**

In total, Mr O has received £525 from HSBC and the investigator recommended a further £500, which HSBC has accepted as a resolution to the complaint. Taking everything into account, I think a total of £1,025 in compensation is fair and reasonable in the circumstances. I think this fairly takes into account:

- the impact that the marker had on Mr O being able to access funds and a bank account, with not all of those delays being attributable to HSBC; and
- the impact this had on his well-being, whilst not being the only factor at the time.

I don't think it would be fair to award compensation to cover the cost of Mr O's university accommodation fees. I believe these are too remote and do not directly flow from the error made by HSBC and could not have reasonably been contemplated as result of the marker being added in the first place.

### **Putting things right**

I direct HSBC to pay Mr O:

- the additional £500 compensation it agreed to following the investigators opinion.

### **My final decision**

I partially uphold this complaint and direct HSBC to pay Mr O the above compensation but do not recommend that it pays anything further.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or

reject my decision before 28 April 2022.

Sophia Smith  
**Ombudsman**