

The complaint

Mr O complains that HSBC UK Bank Plc allowed his identity to be used to fraudulently open a bank account.

What happened

Mr O explained that he first became aware of a default on his credit file in January 2021. The default related to an overdraft on a HSBC current account opened in 2017.

Mr O made enquiries with HSBC the next month and told them he wasn't responsible for opening the account. Mr O believes someone used his identity to open the account. HSBC looked into the situation and agreed that the account wasn't opened by Mr O. HSBC checked their account opening records and the address used on the application was an old one for Mr O who'd moved out to a new address around the time of the bank application.

Mr O complained to HSBC who wrote off the debt, removed any reference to the account on his credit file and registered a protective marker to help protect Mr O from other fraudulent applications.

Mr O was left unhappy with how HSBC had handled his complaint and brought it to the Financial Ombudsman for an independent review. It was looked into by one of our investigators who asked for evidence from both parties. Mr O wanted compensation from HSBC because they'd allowed his identity to be used to generate a debt, which he was now being pursued for.

HSBC provided evidence of their investigation and other documents related to another complaint Mr O had brought against the purchaser of the debt. Mr O brought complaint against them and that's been dealt with separately.

HSBC explained that they were owed a debt resulting from an overdraft that was spent on the false account. They'd tried to get in touch with Mr O (who they thought was the legitimate holder of the account) at his old address. HSBC didn't receive any response and they identified a new address belonging to Mr O and wrote to him on several occasions in 2019 and 2020. This address is Mr O's current address and one he registered with the Financial Ombudsman.

At the end of 2019, HSBC had decided to sell the outstanding debt to another business and as part of the transfer of the debt, they wrote to Mr O at his current address advising him that the outstanding debt was being sold. HSBC didn't receive any response from Mr O.

Our investigator thought that HSBC had acted reasonably when they wrote off the debt and updated Mr O's credit records to remove any reference to the account or its debt. Mr O disagreed and wanted a further review of his complaint.

Mr O questioned the procedure HSBC carried out when they opened the account and explained that because HSBC had sold his account, he'd suffered financial and psychological distress.

The complaint has now 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.

Once Mr O notified HSBC that the account wasn't opened by him, they looked into it and accepted that Mr O had been a victim of identity fraud using his details and an old address. HSBC wrote off the debt, updated his credit file and added a protective marker with an anti-fraud agency to provide added protection from further fraudulent uses of his identity. I think HSBC acted appropriately once they were made aware of the situation.

Mr O has complained that he suffered financial and psychological distress as a result of HSBC selling his debt. Whilst having your identity stolen is no doubt an unpleasant experience, it's worth mentioning that it was carried out by an unknown third party. The debt was sold once HSBC's own efforts had failed to retrieve the funds.

Mr O has said he was first aware of the situation when he found out in January 2021. But the evidence from HSBC is that they were writing to Mr O at his current address from 2019 onwards. HSBC wrote several letters to Mr O and they were addressed using Mr O's proper name at his current address. So, I think it's likely Mr O would have seen at least one of those letters because they were properly addressed to him and he'd have no reason to ignore them. I've read the content of the letters and they explain that Mr O owes a debt to HSBC.

I'd expect this to raise a question with Mr O in the same way it did in 2021 when he says he first found out about the debt. I think it's reasonable to expect Mr O at that point to contact HSBC and explain the debt wasn't linked to him. I see no reason to doubt that HSBC wouldn't have carried out the same investigation at that time and come to the same conclusion they did over a year later.

So, I don't think the actions of HSBC when they sold the debt were unreasonable when they'd tried to get in touch with Mr O about it (and continued to do so). I don't think it would be fair to ask HSBC to compensate Mr O when they opened the account in good faith after satisfying themselves that Mr O's application was genuine. I think it likely Mr O was aware of the debt quite some time before he approached HSBC about it and I don't think it would be fair or reasonable to hold HSBC responsible for how this impacted Mr O after they sold the debt.

Mr O has been put back in the position he was in prior to the debt being registered against him and I think HSBC acted reasonably once they were told by Mr O that he was the victim of identity theft. I won't be asking HSBC to do anything further.

My final decision

My final decision is that I do not uphold this complaint against HSBC UK Bank Plc.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 8 April 2022.

David Perry
Ombudsman