

## **The complaint**

Mr G complains that HSBC UK Bank Plc ('HSBC') registered a fraud prevention marker against him without due cause.

## **What happened**

In January 2017, HSBC received an application for an account in Mr G's name. It said there were discrepancies within that application – namely contradictory information within his address history. Credit checks showed that there was adverse credit information at an address which was not disclosed on the application in Mr G's name. So, referred Mr G to Cifas who registered a fraud prevention marker against Mr G.

Mr G said he did not make the application and was not aware of it at the time it was made. He explained that a few years previously he had stayed in temporary accommodation when he was renovating his property, and he thinks that when he was there an unknown person attempted to open the account in his name.

When Mr G complained to HSBC about the Cifas marker, they reviewed what had happened. They said they had acted correctly in rejecting the application and referring the matter to Cifas because they felt he had made the application and that he had been dishonest in his account application. This was because:

- This attempted account opening was the subject of a previous complaint made to our service – but specifically asking that the credit check conducted was removed from his credit file as Mr G said he did not attempt to open the account. Our service concluded that it was most likely that the attempted account opening was genuinely done by Mr G.
- When HSBC reviewed the application, they found that the applicant had failed to disclose an address linked to Mr G where he had adverse credit information listed against him which they considered to be a material misrepresentation which had to be reported to Cifas.

Mr G was dissatisfied, so he came to our service. One of our investigators looked into what had happened and recommended that the complaint should not be upheld. They agreed that HSBC had met the relevant standard of proof required to refer Mr G to Cifas for application fraud. Mr G remained unhappy. He did not say specifically what he disagreed with but asked that an ombudsman reconsider the outcome of the complaint. So, the matter has been passed to me to decide.

## **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 have reached the same conclusion as our investigator, and for broadly the same reasons. I'll explain why.

The marker that HSBC asked Cifas to apply is for application fraud. For HSBC to record this, they are expected to demonstrate that they have clear, relevant and rigorous evidence to

show that during the application process one of more material falsehoods were submitted by Mr G, for the purpose of obtaining a benefit. They don't have to show that a fraud or financial crime has been committed, say, beyond reasonable doubt. But they must demonstrate that there are sufficient grounds to believe a financial crime has been attempted or committed – mere suspicion or concern is not enough.

The first matter I would normally consider here is whether the evidence suggests it is more likely than not that Mr G completed the application – something which he disputes having done. But I am in the unusual position of considering a complaint where this specific matter – that of whether Mr G tried to open this account - has already been decided by our service in a previous final decision, albeit in relation to a complaint about a credit check being run. And in this decision one of our ombudsmen said *“I've seen what Mr G said about the application but I haven't seen anything to show this wasn't a genuine application.”* And there has been no material new evidence provided such that I may be able to reconsider this opinion. So, it is the decided position of this service that it was most likely that Mr G made the application himself.

So, the matter that remains for me to decide is whether the inaccuracies and inconsistencies amount to material falsehoods intended to assist in accessing a financial product; or whether they were more likely to have been innocent mistakes. HSBC's evidence provided shows that the marker was loaded due to a failure to disclose previous addresses where there was adverse credit information registered against Mr G. As Mr G maintains he didn't complete the application, he has been unable to provide us with any legitimate reason why he may have omitted this information from the application. And so on balance, I think the most likely reason anyone would omit address history with adverse credit information in such circumstances would be in order to hide that information so that they would be more likely to be approved for a financial product. So I do think that on the evidence available, it was fair and reasonable for HSBC to conclude that there were inaccuracies amounting to material falsehoods in the application – and so by extension I think they acted fairly and reasonably in referring Mr G to Cifas and will not be asking them to do anything further.

### **My final decision**

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 25 October 2022.

Katherine Jones  
**Ombudsman**