

## **The complaint**

Mr C complains that HSBC UK Bank Plc (“HSBC”) is holding him liable for the debt on a loan which he says was taken out as a result of a scam.

Mr C is represented by his dad, but for ease of reading I’ve referred mainly to just Mr C throughout this decision.

## **What happened**

The background to this complaint is well known to both parties, so I won’t repeat everything here. In brief summary, in July 2023 a loan was taken out with HSBC in Mr C’s name for £12,500. Mr C subsequently told HSBC the loan was taken out as a result of a scam. HSBC and Mr C ultimately couldn’t reach agreement about things, so Mr C referred his complaint about HSBC to us. As an Investigator here couldn’t resolve the matter informally, the case has been passed to me for a decision.

I sent Mr C and HSBC my provisional decision on 4 January 2024 explaining why I wasn’t minded to uphold this complaint. Now that both parties have had fair opportunity to respond and comment further, I’m ready to explain my 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.

This includes, of course, everything that’s been said in response to my provisional decision. Having done so, I’ve reached the same conclusions and for materially the same reasons as explained in my provisional decision. I appreciate Mr C will be disappointed, so I’ve explained my reasons again below.

I’ve focused on what I think is the heart of the matter here. If there’s something I’ve not mentioned, it isn’t because I’ve ignored it. I haven’t. I’m satisfied I don’t need to comment on every individual point or argument to be able to reach what I think is the right outcome. Our rules allow me to do this. This reflects the informal nature of our service as a free alternative to the courts.

First let me clarify exactly what this decision is about. I understand Mr C has explained he was tricked by a scammer purporting to be from a governmental organisation into taking out this £12,500 loan with HSBC and making payments from his bank and crypto accounts which he’s lost to the scam. This decision won’t address the payments made from Mr C’s HSBC account (so matters regarding prevention and/or recovery of the payments) because that is not the complaint referred for final decision here. Instead, this decision concerns only the £12,500 HSBC loan and whether it’s fair for HSBC to hold Mr C liable for this loan bearing in mind how it was taken out and granted.

Mr C has said he was scammed into taking out the loan with HSBC. I understand he’s consequently been going through a difficult period, and he has my heartfelt sympathy, but

this doesn't automatically mean HSBC should be unable to hold him liable for the debt. Mr C was fully aware of the loan, and indeed applied for it, albeit, I understand, on the instructions of the scammer he was on the phone to at the time. But, aware of the loan Mr C still was. And from what I've seen I'm satisfied HSBC granted the loan in good faith, in circumstances where I don't think it was to know at the point of granting the loan that there was anything untoward about it or that Mr C had applied for it as a result of a scam. So, I'm satisfied Mr C applied for the loan, and entered into the loan agreement with HSBC. The money was paid into his account. And whilst I understand he says he then lost this money to a scam, I can't see HSBC did anything wrong in granting the loan. So I don't think Mr C having this debt and being liable for it can fairly be blamed on HSBC's decision to grant the loan.

I take on board the points Mr C has made, but these haven't changed my mind. Mr C presented himself in the loan application as having a sizeable income of over £100,000 per year. Given the loan amount being applied for, I wouldn't expect HSBC to have just accepted Mr C's declared income as fact, and this isn't what it did. HSBC was satisfied from Mr C's 'turnover data' from his HSBC bank account that he had sufficient income to support the application. More specifically, it's said that based on "modelled spend alongside mortgage and credit commitments [if any]", Mr C's net disposable income was calculated at more than £5,000 per month (based on income and modelled spend), more than enough to support the monthly repayments for the loan he'd applied for; so the loan was deemed affordable without the need for manual review.

Now I understand Mr C's dad has said most of the money flowing into Mr C's account would have been loans from him for Mr C's business, so wasn't income as such; and that Mr C's actual income at the time was around £30,000 gross per year, or £2,000 net per month. So Mr C's dad says HSBC's systems were flawed and didn't work in this instance. And in response to my provisional decision, Mr C's dad has said Mr C has no mortgage, and his car and phone are in his parent's name, so he wouldn't have a credit history, so he feels credit worthiness is still in dispute. However, I'd expect HSBC to undertake reasonable and proportionate checks on affordability, and I'm not persuaded it was unreasonable for HSBC to assess the loan as affordable based on Mr C's bank account (which was held with HSBC). Even if Mr C's 'real' income had been clearly visible as £2,000 net per month, this still wouldn't have shown the loan to be unaffordable. Mr C's dad has questioned the morality of lending almost half of Mr C's 'real' annual salary to him at an annual interest rate of 13.9%, and given Mr C's age. But I would expect HSBC to make its lending decision based on a fair and proportionate assessment of things. For the reasons I've explained, I think the loan would have appeared affordable. The rate of 13.9% was disclosed to Mr C before he agreed to the loan. Even though I understand Mr C says he didn't see this and only took out the loan because he was scammed (which is something he's reiterated in his response to my provisional decision), I don't think this was HSBC's fault – I can't see that HSBC did anything wrong when granting the loan.

In these circumstances, whilst I sympathise with what Mr C has said about how he was scammed, I don't think it would be fair for me to tell HSBC that it can't hold Mr C liable for the loan because of the way in which it was granted. Naturally, moving forward though, I would expect HSBC to be sympathetic to any financial constraints in repaying the debt should there be any.

### **My final decision**

For the reasons I've explained, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 20 February 2024.

Neil Bridge  
**Ombudsman**