

## **The complaint**

Mr S has complained about HSBC UK Bank Plc registering his details on a fraud database.

## **What happened**

Mr S applied for an account with HSBC. He's explained that due to a technical glitch, the application accidentally went through multiple times. And he's explained that he shares contact details with his partner.

Due to this and other irregularities, HSBC declined the applications. They tried to contact Mr S but didn't get through. So to be on the safe side, they made a protective registration for Mr S, where they loaded his details onto the fraud database, to warn other lenders that someone might be trying to impersonate him and they should do extra checks.

Mr S didn't want this loading and tried to get it removed, but HSBC wouldn't let him past security. And when he complained, HSBC declined to remove the loading.

Our Investigator looked into things independently and upheld the complaint. They got HSBC to remove the information from the fraud database, and proposed that they pay Mr S £200 compensation. HSBC agreed, but Mr S wanted more compensation and an apology from HSBC, so the complaint's 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.

It doesn't seem unreasonable that HSBC registered this loading in the first instance. They had received multiple applications, with errors across the applications, the contact details were linked to someone else, the email address provided showed as having only just been created, they were unable to confirm it was really Mr S applying, and another financial business had already registered Mr S's details on the fraud database with concerns about fraud. I can see that HSBC did try to contact Mr S, but they weren't able to get through.

Where things really went wrong was when Mr S tried to remove the loading. HSBC asked him to call them, but their own notes show that when he did, their advisor couldn't find the applications, and Mr S – not being a customer – couldn't get through security. When Mr S complained, HSBC refused to remove or substantially explain the loading, despite having previously offered to remove it if he asked. And even when Mr S came to our service, HSBC provided contradictory information, changed what was required to remove the loading, and were quite unhelpful until our Investigator issued an assessment telling them to remove it. So HSBC's errors there need to be put right. I'm glad to hear that, thanks to our Investigator, HSBC have now removed the loading.

I should explain that the loading HSBC registered was there to protect Mr S. It was not there to accuse him of committing fraud, but to warn about him being a potential victim of fraud. It should not have stopped him from being able to get credit – it instead meant that lenders should carry out additional checks to make sure they were dealing with the real Mr S. These sort of loadings are not normally considered harmful – indeed, many people pay to have protective loadings voluntarily, to give themselves extra protection and peace of mind.

Mr S says that HSBC's loading caused him to get declined for a mortgage. However, our Investigator asked him for evidence of this declined mortgage, and we've not been provided with any. Mr S did provide a message from his credit card company turning down a limit increase. But the credit card company specified that this was due to affordability concerns – not due to HSBC's loading. From the information provided, there were no logs of any companies searching Mr S's details on the fraud database after HSBC made their loading. And even if they had, as set out above, HSBC's loading should've just prompted additional identity checks, it shouldn't have caused Mr S to get declined outright. Further, as noted before, another financial business had already made a loading for Mr S on the fraud database, so HSBC were not the only company who did so. Overall, I do not have any reasonable basis on which to conclude that HSBC's loading directly caused Mr S to get declined for any particular products.

I do see that HSBC caused Mr S some acute stress and inconvenience – this matter took longer to sort out than it should've done. And I appreciate why Mr S would like an apology. The problem is that if I were to make HSBC apologise, it would seem forced rather than genuine – they'd be saying sorry because I told them to. Instead of apologies, when a business gets things wrong, we often tell them to pay compensation, to acknowledge their error and the impact it had. In terms of the amounts, it's worth keeping in mind that we're an informal dispute resolution service. We're not the regulator, and we're not here to issue fines or to teach businesses a lesson by punishing them. Taking into account the impact HSBC's errors had on Mr S, along with the guidelines for compensation which I must be consistent with, I find that £200 is fair to put things right here.

### **Putting things right**

I direct HSBC UK Bank Plc to:

- remove any information they shared with fraud marker databases in relation to this matter, if they have not done so already;
- pay Mr S £200 compensation for the trouble and upset they caused.

**My final decision**

For the reasons I've explained, I uphold Mr S's complaint in part, and direct HSBC UK Bank Plc to put things right by doing what I've said above.

If Mr S accepts the final decision, HSBC UK Bank Plc must carry out the redress within 28 days of the date our service notifies them of the acceptance.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 22 October 2024.

Adam Charles  
**Ombudsman**