

The complaint

Mr A has complained HSBC UK Bank plc lodged a fraud-related marker on the industry fraud database, CIFAS, in his name.

What happened

In July 2024 Mr A was asked by HSBC about a payment of £1,438.81 received into his account. He confirmed this was a payment for a friend from another friend who was providing him with financial support. HSBC told Mr A that they were closing his account. They also lodged a fraud-related marker on his record with CIFAS.

Mr A subsequently discovered the CIFAS marker as he was having difficulties with other accounts being closed and complained to HSBC.

HSBC didn't feel they'd done anything wrong and refused to remove the marker.

Mr A brought his complaint to the ombudsman service.

Our investigator reviewed the evidence and wouldn't ask HSBC to remove the marker.

Mr A disagreed with this outcome. He's asked an ombudsman to consider his 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've reached the same outcome as our investigator. I'll explain why.

It is clear what the requirements are prior to lodging a marker. Specifically:

“There must be reasonable grounds to believe that an identified fraud or financial crime has been committed or attempted.

The evidence must be clear, relevant and rigorous.”

So HSBC must be able to provide clear evidence that an identified fraud was being committed and Mr A was involved.

There's also a requirement that HSBC should be giving the account holder an opportunity to explain what was going on.

I've seen the evidence provided by HSBC. This confirms they received a notification from another bank about their customer who'd been scammed into sending £1,438.81 to Mr A's account. So firstly, I can see that Mr A had no right to these funds.

Soon after these funds hit Mr A's HSBC account, he transferred £938 to another account and withdrew £500 in cash.

Although Mr A told HSBC when they questioned his entitlement that he was receiving the payment on behalf of a friend, I can see why they'd be sceptical based on what Mr A then did with the funds. There's no indication that he was receiving this money on behalf of a friend.

Mr A told our service this money came from a crypto exchange that he used for trading. However, based on the evidence that HSBC provided I don't believe this was the case either. I can see the money came from a third party's personal account and not any crypto trading account.

Mr A has said he was anxious about telling HSBC about trading in crypto as they may take a dim view of this activity. That may well be the case but lying would also not help.

Mr A has told us he no longer holds the mobile device or any details about his crypto trading. I find this odd because if he had an account, he'd still be able to log in and provide us with the necessary details.

The requirements around banks lodging markers at CIFAS include there being sufficient evidence that the customer was aware and involved in what was going on. In this case I think this most likely exists here from reviewing the payment made into Mr A's HSBC account and what he did with the money.

On this basis I don't believe it would be fair and reasonable to ask HSBC to remove the CIFAS marker.

As Mr A was only 20 when the CIFAS marker was added to his account, this will remain on his record for three years.

My final decision

For the reasons given, my final decision is not to uphold Mr A's complaint against HSBC UK Bank plc.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 6 January 2025.

Sandra Quinn
Ombudsman