

The complaint

Ms P complains that HSBC UK Bank Plc has unfairly applied a CIFAS marker against her name following a S.75 claim. HSBC says it has removed the marker and offered £500 compensation to Ms P. But Ms P would like HSBC to pay her more compensation (minimum £5,000) for the distress and inconvenience that marker has caused her because she has been unable to open and hold an account with other banks.

The details of this complaint are well known to both parties. So, if there's a submission I've not addressed; it isn't because I've ignored the point. It's simply because my findings focus on what I consider to be the central issues in this complaint – that being whether HSBC's offer of £500 is reasonable.

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.

Ms P has provided a lot of information in relation to her S.75 claim and why she is unhappy that HSBC didn't proceed with a chargeback. But I can see she has raised a separate S.75 complaint with this service, so I'm not going to mention that in my findings here.

HSBC has now accepted that it incorrectly added the CIFAS marker for Misuse of Facility against Ms P in January 2023. It has also offered £500 for the distress and inconvenience this marker has caused. Ms P has asked for a minimum of £5,000 for the distress HSBC has caused which has led to her being unable to open and maintain a bank account. Ms P has also mentioned having to pay solicitor's fees towards the cost of having the CIFAS marker removed.

Ms P has provided letters from three different banks in the UK that show that her accounts were closed on 27 September, 07 October and 13 November 2024. One of the banks in their letter in October 2024 mentioned that it had made the decision because of a fraud marker against her name added by a third-party company.

However, I've also considered the evidence Ms P has provided from her credit report and CIFAS themselves. This includes an e-mail from CIFAS in May 2024 to say that HSBC has deleted the marker against her and a later e-mail from CIFAS saying it holds no information about Ms P on its records – dated 13 November 2024. Ms P has also provided a credit report generated on 20 November 2024 which shows no negative information or marker from HSBC.

I've seen an internal note from HSBC which says the fraud marker was removed around 22 May 2024. I'm satisfied this coincides with the e-mail Ms P has provided from CIFAS via her solicitors on 24 May 2024 which confirmed the HSBC marker had been removed.

Because HSBC admitted it incorrectly added the marker and from the evidence I've seen, this is no longer on her CIFAS record or credit file, I need to decide whether HSBC's offer of £500 is sufficient. Having done so, I'm satisfied it is. I note Ms P decided to instruct solicitors

to help her remove the CIFAS marker. But that was her decision to do so when she could've brought her complaint to this service like she did shortly afterwards.

I'm in agreement with Ms P that being unable to hold a bank account and receiving letters telling her the account was going to be closed must have been distressing. However, I don't think I can reasonably ask HSBC to pay £5,000 for incorrectly adding the marker here. The letters from the UK banks have been sent after the HSBC marker has been removed according to the evidence provided by Ms P.

So, I'm satisfied the £500 from HSBC reasonably covers the distress and inconvenience she suffered because of the marker and is similar to awards I'd expect to see in similar cases.

As a result, I'm not going to ask HSBC to do anything more.

My final decision

My final decision is that I uphold this complaint in part. HSBC UK Bank Plc should pay Ms P £500.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms P to accept or reject my decision before 17 January 2025.

Mark Dobson
Ombudsman