

The complaint

Ms Z has complained HSBC UK Bank plc allowed someone to open a current and a credit account in her name. This has impacted her credit record and caused considerable distress.

What happened

In late 2023 Ms Z started to receive letters from a debt collection agency. This related to an outstanding debt for £480 from a current account held with HSBC. Ms Z didn't hold this account and complained to HSBC.

HSBC confirmed these accounts had been opened as the result of impersonation. They confirmed they would be closed, and they'd ensure Ms Z was not pursued for any debt.

Ms Z then had to complain further as she was aware there were still outstanding markers on her credit record because of this debt. HSBC offered Ms Z £300 in compensation.

Unhappy with what and how this had happened, Ms Z brought her complaint to the ombudsman service.

HSBC decided to increase their offer to £500 compensation. Overall, our investigator believed this was fair. She noted the impact of what had happened on Ms Z but didn't feel this could be laid fully at HSBC's door.

Still unhappy, Ms Z has asked an ombudsman to consider her 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.

Ms Z notified HSBC towards the end of 2023 that she was being asked to settle a debt that wasn't hers. I can see that HSBC completely accepts these accounts were opened fraudulently.

I've seen internal emails from HSBC which confirms at 30 April 2024, they agreed all accounts should be closed and Ms Z should not be pursued for any debt.

Unfortunately, HSBC did not update Ms Z's credit record at this time. It took them a further four months to have this done.

I'm satisfied HSBC made a mistake and need to put things right.

Putting things right

HSBC has offered £500 for their error in not sorting this out when it should have been.

Ms Z believes this is inadequate. She's told us about the impact on her anxiety levels. She also believes she had to pay a year's rental upfront because of her credit record. I've reviewed these aspects but, like our investigator, I don't believe the fault is all HSBC's.

Unfortunately in an era when rental is particularly difficult, it is not uncommon for individuals to be asked to pay upfront both rental and extensive deposits. I'm not convinced this is the result of Ms Z's credit record. Nor is the fact that she was later asked to vacate the premises after her year's tenancy came to an end.

I don't dispute Ms Z suffers from anxiety and this can't have been helped by worries over her credit record. However, after taking this into account, I believe £500 is fair and reasonable in the circumstances.

My final decision

For the reasons given, my final decision is to instruct HSBC UK Bank plc to pay £500 to Ms Z for the distress caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms Z to accept or reject my decision before 16 June 2025.

Sandra Quinn
Ombudsman