

The complaint

Ms C complains HSBC UK Bank Plc recorded a marker at Cifas and then took too long to remove it and tell her what was happening.

What happened

A summary of what happened is below.

Ms C applied for an account with HSBC in February 2024 but there was no update as to whether she'd been successful. She spoke with a customer service advisor who said that they couldn't find a record of her application and suggested she apply again. Ms C re-applied but again didn't hear anything.

She later received a letter on 13 March stating that the bank believed her details had been used to apply for personal banking facilities and all applications had been cancelled. HSBC said it had also notified Cifas, a national fraud database that she'd been the victim of impersonation fraud, which should protect her if someone else tried to use her details.

Ms C didn't understand why HSBC had taken these steps as she'd genuinely applied for an account. HSBC issued a response in May to say that it had held concerns about an application and referred the matter to its fraud team. It said that if the application had genuinely come from her, she should visit a branch with her ID so that it could be reviewed by its impersonation team.

Ms C did that but didn't hear anything back, despite chasing in person and by email. Fed up, she referred the complaint to us in November, submitting that the marker had caused her all sorts of difficulties in getting refused for facilities, including travel insurance. And she added HSBC's inaction and delays had affected her emotionally too.

HSBC submitted its file to us and within it, it recognised there had been a number of shortcomings in how it had handled matters. It accepted that it should have tried to contact Ms C right away when it had got the application and later it should have forwarded her ID to the right team. To recognise the trouble and upset caused and to say sorry it offered £250 compensation. Ms C rejected this because she didn't think it was sufficient for the problems she'd faced.

One of our investigators then reviewed the complaint and suggested that HSBC not only confirm the marker had been removed but that it also increase its offer to £350. HSBC confirmed to us that the markers had been removed and agreed to the proposed settlement, but Ms C didn't think the compensation was enough.

When an agreement couldn't be reached, the case was put forward for a 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.

The first thing to make clear is that there appear to have been two markers added by HSBC. One was a protective registration for firms to take care should they receive an application as Ms C's details may be being used fraudulently by a third party. This is further supported by the letter that HSBC sent on 13 March explaining the same thing. The second was a fraud marker, which was an adverse entry and can put prospective firms off from offering products. Both markers appear to have been mistakes by the bank. But HSBC has accepted that now and the fact that it let Ms C down again when she tried to follow things up. I understand why all of this would have caused her frustration, upset and inconvenience.

HSBC told us that the markers had been removed and this is confirmed by the Cifas information Ms C has provided, so there shouldn't be any HSBC markers causing her problems. The issue that's left is, what level of compensation addresses the overall difficulties she faced. In this regard, I've thought about what Ms C has said but I'm satisfied £350 is fair recompense when thinking about her efforts and time in trying to get the bank to take action and the trouble and embarrassment caused in having applications declined. I realise Ms C would like more and she's mentioned having to pay more for her travel insurance premiums, but I've not seen anything compelling to warrant this and, in any event, the cost of premiums are influenced by a number of factors.

Considering everything, I think what the bank has agreed to is a fair way to resolve the complaint, though I stress HSBC should have done better. Finally, should Ms C wish to apply for an account with the bank, she will need to submit a new application. But this now brings to an end our review of her complaint.

My final decision

My final decision is that HSBC UK Bank Plc should pay Ms C £350 to settle the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms C to accept or reject my decision before 22 May 2025.

Sarita Taylor
Ombudsman