

The complaint

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

What happened

In February 2025, Mr W applied to HSBC for a basic bank account.

HSBC weren't willing to grant him an account and turned down his application. They said Mr W hadn't told them about all his addresses. They also lodged a fraud related marker on his record with CIFAS.

Mr W complained and asked HSBC to remove the marker. He he'd completed his application honestly and hadn't deliberately hidden any information about his address history.

HSBC didn't feel they'd done anything wrong and refused to remove the marker. So, Mr W brought his complaint to the ombudsman service where one of our investigator's reviewed the evidence and believed HSBC's evidence was insufficient to lodge the CIFAS marker. They asked HSBC to remove the marker and pay Mr W £150 for the impact this had had on him.

Mr W accepted this outcome. HSBC didn't. They didn't feel they'd done anything wrong.

As no agreement could be reached Mr W's complaint has been referred to an ombudsman.

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.

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, this means HSBC must be able to provide clear evidence that an identified fraud was being committed, and Mr W was involved. There's also a requirement that HSBC should be giving Mr W an opportunity to explain what was going on.

I've seen the evidence provided by HSBC. This confirms they had received an application from Mr W to open an account with them. They were concerned that his credit record showed additional addresses, not all of which were referred to on his application. One of the addresses had adverse information recorded against Mr W.

HSBC believed Mr W may have left off the address to avoid them becoming aware of the adverse information recorded against Mr W. Because of this HSBC turned down his application and added a fraud-related marker to Mr W's record. This meant he has struggled to open an account with a high street bank, which Mr W says has impacted his ability to move home. And led Mr W to struggle to repay his credit card. This has all been difficult for Mr W to cope with as over the years he has lived in emergency accommodation and has had to cope without family support. Mr W says HSBC actions have caused him a great deal of anguish and stress at time in his life when he'd just managed to get on his feet.

Having looked at all the evidence, I don't believe HSBC has met the required criteria to lodge a marker with CIFAS. I agree that Mr W didn't provide all the address information that would have matched his credit record. However, there is no indication that Mr W was applying for an account to misuse it in any way. As required by the criteria HSBC should have checked what was going on with Mr W. If it had done so, Mr W would have been able to confirm the required address information straightaway as I don't believe he was trying to hide anything.

HSBC has confirmed that the application only asked Mr W where he'd lived in the last three years. This also appears to be the case when looking at its application process for this type of account. It did not ask, for example, whether Mr W had any other adverse information registered in the last six years, nor whether he had any old accounts at old addresses which subsequently had adverse information registered.

I've reviewed Mr W's credit file, and I can see there are four different addresses between Mr W's current address and the missing address. As such, Mr W wouldn't have had to put this address on the application. So, I'm persuaded Mr W wasn't trying to hide any detrimental information from HSBC.

As HSBC should know, it is expected to contact customers and give them the opportunity to clarify things before registering a CIFAS marker. But as far as I can see, it did not do so here. CIFAS markers can have serious effects and must not be added without proper investigation. Further, even if I had agreed that it was erroneous for Mr W to leave out the prior address – which I do not – that could have simply been a mistake.

As a reminder, HSBC needed more than just a suspicion or concern. It's difficult to see how HSBC could be satisfied that Mr W deliberately tried to mislead it without clarifying the matter with him. I find that HSBC's actions here did not constitute good practice. It follows that I don't think that HSBC had sufficient grounds to add this marker, and that it should be removed.

When a business gets things wrong, we often tell them to pay compensation, too – to acknowledge their error and the impact it had. Here, I understand that this marker caused Mr W significant stress and inconvenience, as it hindered him from keeping even a basic account. So, considering the impact that HSBC's errors had on Mr W, along with our guidelines for compensation, I think HSBC should pay him £150 to put things right.

My final decision

For the reasons given, my final decision is that I uphold this complaint. To put things right HSBC UK Bank Plc should do the following:

- Remove the CIFAS marker from Mr W's name; and

- Pay Mr W £150 for the trouble and upset this matter has caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 16 July 2025.

Sharon Kerrison

Ombudsman