

## **The complaint**

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

## **What happened**

In March 2024 HSBC received a fraud report from another bank about a payment made into Mr M's HSBC account. This payment was for £600. They decided to review Mr M's account. In August 2024 they wrote to Mr M to tell him they were closing his account. Their review had shown the regular credits Mr M was receiving which included payments from the student loan company as Mr M was in full-time education.

They also lodged a fraud-related marker on the CIFAS database at the same time.

In 2025 Mr M asked HSBC to remove the marker as it was having an impact on his ability to have an account and was concerned that it would potentially limit his intern placement opportunities. HSBC confirmed they didn't feel they'd done anything wrong and refused to remove the marker.

Mr M brought his complaint to the ombudsman service.

Our investigator noted the evidence and felt she could see from HSBC's evidence that most likely Mr M had benefitted from this money. She felt that HSBC had enough evidence to lodge a CIFAS marker.

Disappointed with this outcome, Mr M has asked an ombudsman to consider his complaint. He also provided evidence to back up his claim that he'd been the victim of an ex-friend's malicious claim about him despite him repaying £600 to him.

I completed a provisional decision on 16 October 2025 advising both parties that I was asking HSBC to remove the CIFAS marker and pay Mr M £100 for the trouble caused.

Mr M accepted this outcome. I received nothing further from HSBC.

I now have all I need to complete my final 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.

Having done so, I've reached the same outcome as I did in my provisional decision. I'll explain why. I have already confirmed the evidence I've considered to come to this outcome to HSBC and given them an opportunity to respond further. No further comments were received before I completed the provisional decision.

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.”*

HSBC must be able to provide clear evidence that an identified fraud was being committed, and Mr M was involved. This means that they must have more than a suspicion or a concern that Mr M may be 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 in March 2024 that a customer of another bank had sent money to Mr M's account after believing they were purchasing a basket of goods from him.

Mr M's account statements show he benefitted from this money. He made two cash machine withdrawals and sent money to another account in his own name shortly after receipt of the £600.

As part of their investigation into what happened, HSBC blocked some use of Mr M's account, asked him where these funds had come from and undertook a review. This review confirms that for the period April 2023 to May 2025 there were *“no financial crime concerns”*. Later, however, HSBC believed that there was substantial rapid account movement on the account and that Mr M was acting as a money mule.

They notified Mr M a few months later they'd decided to close his account. They also lodged a CIFAS marker as they believed Mr M had wrongfully retained this credit of £600.

Mr M told our service he didn't wholly recall the transaction but was reselling items to people at school which explained the various credits into his account.

What surprised me was that HSBC received a fraud report nearly six months after the actual credit and didn't find this surprising in any way. Not only that but an initial review by HSBC couldn't identify any concerns with how Mr M was running his account – which includes the time of this credit. HSBC hasn't shared copies of Mr M's statements so that's limited what I've been able to review.

After our investigator sent her view, Mr M provided copies of chats with this person who'd raised the fraud report. This appears to confirm that this friend was aware that Mr M had refunded £600 to him but still raised a fraud claim against him.

I shared this evidence with HSBC confirming that based on this – and the fact this matches Mr M's testimony to our service – I would be asking them to remove the CIFAS marker from his record. At the time the marker was lodged, I accept that HSBC had sufficient evidence to lodge this, but evidence has now emerged which suggests otherwise. No response was received from HSBC.

On further reflection, I believe HSBC should also be paying £100 compensation to Mr M. My concern is that HSBC took many months after they received a fraud report to complete their review into Mr M's account usage. I don't believe that taking five months is appropriate particularly when I take into account the impact a CIFAS marker can have on a young person.

**My final decision**

For the reasons given, my final decision is to instruct HSBC UK Bank plc to:

- Remove the CIFAS marker from Mr M's record.
- Pay £100 to Mr M for the trouble caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 21 November 2025.

Sandra Quinn  
**Ombudsman**