

The complaint

Mr B complains that HSBC UK Bank Plc is holding him liable for the debt on a loan which he says he neither applied for or consented to.

What happened

The detailed background to this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

Mr B says that he was told by a friend that he had a lot of money in a cryptocurrency wallet and asked if he could transfer some funds into Mr B's HSBC account because his own account had been blocked.

On 29 May 2024, Mr B met with the friend who said he'd need to log in to his HSBC app to authorise the transfer. At one point, the friend took Mr B's phone, and when he later logged into his account, he noticed a loan for £25,000 had been taken out and then transferred to the friend's account.

When Mr B complained to this service, he said HSBC shouldn't have authorised the loan, and that it should have recovered the funds from the third-party HSBC account. He said he wanted it to cancel the loan and refund the payments he made.

Responding to the complaint, HSBC said Mr B had given his phone to a third party while it was signed into his HSBC app, and that in doing so he'd authorised them to take out the loan. It said Mr B had told it that there was an agreement with the third-party to take the loan and for the third-party to repay him. It said it had paid Mr B £100 compensation for poor service because it had incorrectly told him the loan had been written off.

Our investigator didn't think the complaint should be upheld. He noted the loan was taken out on Mr B's mobile phone via his mobile banking app, so there would have been no reason for HSBC to doubt it was him applying for the loan. And he was satisfied Mr B had given the third-party access to his device.

He explained that Mr B contacted HSBC in June 2024 to extend the period to pay off the loan without interest, and he didn't mention that the loan was taken out fraudulently, or without his knowledge or consent. He also referred to 'my loan' and said he was waiting for the person to send the funds back to him so he could pay it off. On 28 October 2024 and 5 February 2025, Mr B called HSBC to arrange a freeze on the account as he wasn't working, but he didn't report it as fraudulent until 1 April 2025.

Our investigator was satisfied Mr B had reached an agreement with the third party that he would make payments to the loan from his account and that they would send the funds to pay it off. He didn't accept there was any evidence to show the loan had been taken without his permission, and he was satisfied it was reasonable that HSBC held him liable for the loan.

He further explained that HSBC carried out an income verification check and a creditworthiness assessment, finding Mr B had no recent adverse data recorded, and no indication of financial difficulty, and he was considered low risk. In addition, he declared an income of £34,000, which it validated against his age, employment status and demographic information, which he was satisfied was proportionate and reasonable in the circumstances.

HSBC had also carried out an affordability assessment, to calculate estimated monthly spending, taking into consideration that Mr B declared that he was living with a parent and concluding the loan was affordable at the time of the loan application. So, he didn't think HSBC did anything wrong in granting the loan, especially as the true purpose of the loan wasn't disclosed.

Mr B has asked for the complaint to be reviewed by an Ombudsman. He's further argued that HSBC didn't make any enquiries about the purpose of the loan or complete proper affordability checks. He maintains he didn't take the loan out himself and that the funds were sent to his friend's account without his knowledge or consent. Regarding the affordability of the loan, Mr B has argued that the loan application contained false information that HSBC didn't check thoroughly.

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 conclusion as our investigator. And for largely the same reasons. I know Mr B feels strongly about this complaint, and this will come as a disappointment to him, so I'll explain why.

I've considered the circumstances, including the account Mr B has given to this service, and I think it's most likely the loan was taken out in Mr B's name with his knowledge and consent, and he therefore did enter into the loan agreement. Mr B has explained that he handed his phone to his friend who then applied for the loan without his knowledge or consent. I accept it's possible Mr B didn't know the loan was being applied for, but I'm satisfied that in giving a third-party access to his online banking, he was giving consent for the loan to be applied for.

In addition, Mr B's behaviour up to the point he reported the loan as fraudulent isn't consistent with it having been applied for without his consent. He made four repayments, he spoke to HSBC about the loan in June 2024 and referred to it as 'my loan', and he didn't report the loan as fraudulent until April 2025. Mr B has explained that his friend did try to send the loan funds back to his account, and while there is no evidence to support this, I would consider it further evidence that Mr B had known about the loan. So, I think it's more likely than not that he had known about and consented to the loan being taken out in his name and therefore I'm satisfied HSBC's decision to hold him liable for it is fair.

Mr B has also complained that HSBC didn't conduct proper affordability checks, but I agree with our investigator that it wasn't unreasonable for it to have granted the loan in circumstances where it had carried out an affordability assessment, and concluded the loan was affordable at the time of the loan application.

Finally, HSBC has paid Mr B £100 compensation for having told him the loan had been written off, and I'm satisfied that's fair and that it addresses the impact of this error.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 10 April 2026.

Carolyn Bonnell
Ombudsman