

The complaint

Mr S complains HSBC UK Bank Plc pursued him for repayment of a loan and a credit card increase he didn't apply for.

What happened

Mr S began receiving contact from HSBC regarding a loan he said he didn't take out. Mr S was abroad at the time, so tried to get in touch with HSBC but couldn't pass security. Mr S later visited a branch of HSBC to get the accounts frozen.

Mr S complained to HSBC. It responded to say it couldn't discuss anything with him until he'd passed security. So, Mr S referred the complaint to us.

Following our involvement, HSBC agreed that Mr S had been the victim of an account takeover and that the loan had been taken out fraudulently, and his credit card account had had the limit increased. It agreed to unwind the loan and the issues with the credit card. It also offered to pay £300 in recognition of the distress and inconvenience caused to Mr S in attempting to resolve things.

Our Investigator considered the circumstances and recommended HSBC paid Mr S £500 in recognition of the distress and inconvenience and that it should arrange to send Mr S the money he'd had in his account prior to the fraudulent activity.

Mr S didn't accept this as he said he didn't think the compensation recommended was sufficient nor did it cover the costs of £150 he said he'd incurred when trying to communicate with HSBC.

HSBC said it was willing to pay Mr S the £500. But, as the security block remained in place, Mr S would need to write to HSBC asking it to close the account in order to receive the money still in there.

As the parties didn't agree, the complaint's been passed to me to decide.

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.

HSBC has now accepted that Mr S was the victim of an account takeover, and the associated credit products weren't used by him. It's taken steps to rectify this. What remains for me to consider is how HSBC has handled the matter and the funds in Mr S' account that he'd like access to.

Mr S was abroad for an extended period. When he first contacted HSBC he couldn't pass security, which resulted in his telephone banking being blocked. And because he was abroad it wasn't feasible for him to visit a branch. I can see following this HSBC made several suggestions about how to restore access to his account, this included sending a

security pack to his address in the UK if it could be forwarded on to Mr S, or to his address abroad, alternatively Mr S was told he'd need to write to HSBC asking for his address to be updated. HSBC told Mr S it couldn't do anything about the fraud until he'd done this, and it had been able to speak to him.

HSBC have provided its fraud notes. According to these notes, it seems that HSBC was prepared to accept that Mr S had been the victim of fraud and had not applied for the loan or credit card limit increase himself. So, I think it was poor service for HSBC to say it couldn't do anything about this without speaking to Mr S.

By its very nature, being the victim of fraud is distressing and inconvenient. But I haven't seen anything to suggest that the account takeover occurring in the first place or that Mr S' inability to pass security was because of something HSBC did wrong. Having reviewed the information, it seems a large proportion of the inconvenience here was caused by the fact that Mr S was abroad at the time and was unable to pass security.

But I can also see that HSBC has complicated matters unnecessarily on occasions, asking Mr S to call knowing he couldn't do so because his telephone banking had been blocked. Further, when Mr S did attend a branch in May 2025 – despite having identified him – HSBC did not look into matters fully at that point, still insisting that he had to reset his telephone banking in order for things to proceed. Though I do note that HSBC's notes indicate that Mr S did not want to reset his telephone banking security in branch, even though this could have been done.

Our Investigator recommended HSBC pay Mr S £500 in recognition of this. HSBC has agreed to this amount. Mr S doesn't think it's enough considering everything he's been through and doesn't cover the £150 in costs he says he's incurred trying to rectify matters. He says this matter has caused him so much stress it's impacted his sleep and his overall health.

I'm sorry to hear the impact Mr S has told us about. Mr S couldn't provide specific evidence of the call costs he says he incurred and some of the other costs he mentioned relate to his sister having posted letters and attended the branch on his behalf.

With this in mind, I haven't seen anything to substantiate the specific costs Mr S says he incurred and the fact that he was forced to make expensive calls from abroad isn't something I can fairly hold HSBC responsible for. Though I accept Mr S likely had to make more calls than he otherwise would have because of how HSBC handled things. And any costs incurred by Mr S' sister are not something I can hold HSBC responsible for here as Mr S' sister isn't the customer of HSBC in the context of this complaint. So, I don't find it would be fair or reasonable to require HSBC to pay the costs Mr S says he's incurred or that his sister has incurred.

Having considered everything that's happened, I'm satisfied that £500 fairly reflects the distress and inconvenience caused to Mr S including his time spent trying to resolve things on the phone and attending the branch.

HSBC says it can't allow the closure of Mr S' account and funds to be sent to him because the security block remains in place. We asked if it could take a pragmatic approach in the circumstances, but it insists that in order to have the balance of the account paid to him Mr S will need to write to HSBC and request the account is closed, so it can check the signature matches the mandate it holds for him.

We've previously provided a copy of Mr S' passport to HSBC, which includes the signature page. HSBC has not made us aware of any concerns it has about Mr S' identity and already

has a copy of Mr S' signature. And it's agreed to pay Mr S £500. So, it's not clear to me why it would be happy to do that but not send Mr S the balance of his account – which I understand to be about £240. So, regardless of any telephone banking security issues, I find HSBC should arrange to pay Mr S' the balance of his account. What HSBC chooses to do with Mr S' account at this point is its decision.

My final decision

For the reasons I've explained, I uphold this complaint.

To put things right, I require HSBC UK Bank Plc to:

- Pay Mr S £500 in recognition of the distress and inconvenience caused.
- Pay Mr S the balance of his account.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 27 February 2026.

Eleanor Rippengale

Ombudsman