

## **complaint**

Mr N complains that HSBC Bank Plc continued to pursue him for a debt for three years after it agreed that the debt was not his.

## **background**

A fraudster borrowed money in Mr N's name from HSBC. As a result of the fraudster's actions, there was an unpaid debt and HSBC applied a default marker to Mr N's credit file.

In April 2010 the bank said it was satisfied that the accounts were not opened by Mr N. In November 2011 the fraudster was jailed.

HSBC did not remove the default marker from Mr N's credit file until March 2012. The bank also continued to pursue him for the debt. He received letters from debt collectors until May 2013. The debt was eventually written off in July 2013.

HSBC said that because it corrected the credit file in 2012, the case will not have any effect on Mr N's credit rating. The bank also said that at the time of Mr N's complaint it was not part of its procedures to recall a debt created as a result of a confirmed impersonation.

Our adjudicator said that it was unreasonable to subject Mr N to letters from debt collectors for three years after the bank had said it was satisfied that the debt was not his. The adjudicator also said that it was unclear why it took HSBC nearly two years to remove the default marker, during which time it would have affected his ability to obtain credit. In response, HSBC offered to pay £500 to Mr N in compensation for the distress and inconvenience caused.

Mr N did not accept the bank's offer, which he said was woefully inadequate. He said HSBC's actions had meant that his employment was interrupted for five months.

## **my findings**

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

HSBC agreed in April 2010 that the debt was the result of a fraudster's actions. So it was common ground from this time onwards that Mr N was an innocent party and had no liability to HSBC. In the circumstances, I believe it was careless and unreasonable of the bank to leave the default marker in place and to continue pursuing Mr N for the money.

Mr N was the victim of identity theft, which caused him a lot of trouble. He has suffered as a result of the fraudster's actions and he has my sympathy. I can see from the documents that Mr N has sent us that the fraud affected his employment. But I do not think HSBC's failures over the debt caused the problems with his job. Rather, the documents suggest that it was the fraudster's impersonation and the confusion over the subsequent criminal proceedings that led to Mr N's employment difficulties. So I cannot reasonably say that the bank should compensate him for those difficulties.

The debt is now cancelled and Mr N's credit file has been corrected, so the only issue remaining is whether the bank has made a sufficient offer of compensation for his distress and inconvenience during the years it took to put things right.

Taking all the circumstances into account, I believe the bank's offer of £500 in compensation is fair and reasonable.

**my final decision**

My final decision is that HSBC Bank Plc acted unreasonably when it continued to pursue the debt against Mr N and delayed the correction of his credit file, but it has made a sufficient offer to settle this complaint. I leave it to Mr N to decide whether or not to accept the offer of £500 for his distress and inconvenience.

Colin Brown  
**ombudsman**