

## **complaint**

Mr M has complained about the validity of loans made to him by HSBC Bank Plc.

I am aware that Mr M does not refer to himself as “Mr M”, but as this decision will be published (as we are required by law to do), I am using this description to prevent him from being identified, and for this purpose only. It has no bearing on the form of address Mr M prefers to use, and I hope he will not take offence that I have anonymised his identity in this way.

## **background**

In 2001 Mr M granted security to HSBC for a loan of £90,000 to purchase a commercial property. Since then HSBC has advanced further funds to Mr M by way of overdrafts and loans. His total debt to HSBC is now made up of two loans – one of £252,000 and one of £48,000.

Unfortunately Mr M has been unwell, which impacted on the running of his business. In 2014 he discussed his repayment strategy with HSBC, which was to sell the property either as a residence, a commercial venture or splitting and selling off separately a residential annex. HSBC acknowledged that Mr M wasn't able to make capital repayments to the loans, but was hopeful of an improvement in Mr M's situation.

By September 2014 Mr M's situation appeared to have worsened, and HSBC was concerned that it hadn't received documents it had asked Mr M to sign, nor updates on the sale of the property.

By the time the complaint was brought, the situation was that Mr M was maintaining interest payments each month. No action was contemplated by HSBC for the outstanding debt because it appeared Mr M was still trying to sell the property. HSBC's security wasn't at risk as the property would be sold at a price that would repay the total debt to HSBC.

But Mr M's position has now changed. Mr M has challenged the validity of the loans. Mr M says that there has been deception by HSBC because it created the money it loaned to him from a promissory note linked to the “cestui qui vie trust” of a corporate fiction created by a fraud on his parents which took place at the time of his birth. As a result, Mr M believes there has been no money loaned to him – and in fact he himself created the money with his own signature.

Mr M has agreed to settle “all liens” on his property if HSBC pays him £70,000.

An adjudicator considered Mr M's complaint. He was satisfied that HSBC was entitled to ask Mr M to repay the money he'd borrowed. Because Mr M didn't agree, it's now come to me to issue a final decision on the matter.

## **my findings**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. I've noted all the points Mr M has made about why he believes HSBC isn't entitled to ask him to repay the loans it made to him.

As I understand it, Mr M's reliance on the Cestui Qui Vie Act 1666 is a theory that this Act declared all English citizens dead and lost beyond the seas unless they objected within seven years of their birth, after which they would be declared dead without reasonable doubt. The state would then claim all the property of its citizens in trust.

The point Mr M makes about deception at the time of his birth is this: there is a belief that all people have two parts to their existence – their body and their legal "person". The latter is represented by the individual's birth certificate. Under this theory, a "strawman" is created when a birth certificate is issued, and this "strawman" is the entity who is subject to statutory law. The physical self is referred to by a slightly different name – for example "John of the family Smith", as opposed to "John Smith".

The argument is that the government secures the value of its fiat currency using its own citizens' birth certificate "bonds", which is money held on trust for the beneficiary, who is the living being. It is suggested that the value of a beneficiary's "bond" may be millions of pounds, and that debts can be discharged by the beneficiary using money held on trust by the government.

Mr M's argument is that HSBC created electronic currency using the signature of his "strawman" identity on the loan agreements – and that the money didn't exist until the contracts were made. So the party named on the document actually created the money from his promise to pay it back, and the bank is simply the assigned company which has the right to make this entry into its electronic bookkeeping. In other words, HSBC has brought nothing to the transaction – which in any event was entered into by Mr M's name, not his person.

I have found no evidence to persuade me that there is any validity to these theories. And I don't have the power to determine whether or not a loan agreement is valid, void or should be set aside for any reason. Only a court can decide this.

But I'm satisfied that the facility letters provided by HSBC have been signed by Mr M. In the circumstances, HSBC is entitled to ask for repayment. I can see no basis upon which HSBC should be required to pay Mr M £70,000, as he has requested.

I also see that Mr M has asked me to facilitate and mediate a meeting between him and HSBC. But my role is to decide the complaint Mr M has brought. Mr M's argument is that he has no valid loan and requires HSBC to pay money to him. HSBC wants Mr M to repay the money he's borrowed. Given this, I think the parties' positions are so diametrically opposed that mediating a settlement of how Mr M will repay his loans would not be possible in any event, if Mr M doesn't acknowledge there is any debt owed to the bank. It may well be that Mr M's accountant might be able to liaise on his behalf with HSBC, but this would be dependent on Mr M accepting he owes the outstanding loan balances to the bank.

I know this isn't the answer Mr M wanted, and I'm aware that his health has suffered in recent years. I'm sorry if my decision adds to his distress. But I'm also conscious from his correspondence to us that Mr M has no confidence in our ability to decide his complaint in the way he would like us to. That being the case, Mr M is free to take his complaint to court, if he rejects this final decision. He may want to take advice from a qualified solicitor before doing so.

### **my final decision**

I am sorry to disappoint Mr M, but my decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 17 November 2016.

Jan O'Leary  
**ombudsman**