

## **The complaint**

Miss A complains that HSBC UK Bank Plc unfairly closed her bank account and recorded information about her with CIFAS, the UK's fraud alert service.

## **What happened**

Miss A had an account with HSBC. In June 2022, Miss A received several payments into her account, which the bank identified as fraudulent. That is the holders of the account had been the victims of scams and hadn't authorised the payments.

HSBC asked Miss A about the payments. She said that she had sold cryptocurrency to the individuals via an online trading platform. And she provided evidence to the bank to support her explanation. HSBC blocked Miss A's account whilst it reviewed the information Miss A provided and the reports from the other banks regarding the scams. Following its review, it placed a fraud marker against Miss A's name with CIFAS, the Credit Industry Fraud Avoidance System. And it decided to close Miss A's account immediately.

After learning that HSBC had recorded a marker against her, Miss A complained to HSBC and asked them to remove the marker as she said it was causing other banks to close her accounts and remove money from these accounts. HSBC looked into Miss A's complaint but said it wouldn't remove the marker. So, Miss A brought her complaint to our service.

One of our adjudicator's looked into Miss A's complaint. He thought Miss A's explanation was plausible and that HSBC hadn't done enough to show that Miss A was directly involved in any wrongdoing. He said that HSBC should arrange for the removal of the marker and pay Miss A £300 compensation in recognition of the trouble and upset which she'd suffered.

HSBC agreed to the adjudicator's suggestion, but Miss A didn't think the compensation suggested was enough to put things right. She suggested compensation of £10,000,000 would be more appropriate and asked for an ombudsman to review the case.

As no agreement could be reached the complaint has come 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.

Having done so I think that the bank's offer made following the adjudicator's recommendation is a fair way to resolve Miss A's complaint.

The adjudicator said that he thought Miss A's explanation for the fraudulent funds entering her account – that she had sold cryptocurrency to people via an online trading platform was plausible. Because HSBC agreed to remove the CIFAS marker, I don't need to consider whether in fact Miss A's explanation is true, and so I make no comment on that.

I do need to however consider whether the offer of £300 compensation is sufficient. Miss A as explained that she is seeking a substantial amount of compensation to resolve her complaint. Miss A has said that she had a number of accounts she held with other banks and financial businesses were closed as a result of the marker being applied by HSBC. She's also said that another bank took money from her bank account, so she has lost out financially. She hasn't however, provided evidence that persuades me that is the case. I also can't hold HSBC liable for another bank removing funds from Miss A's account that she had with them. That is a matter Miss A needs to take up with that particular bank.

Miss A has said that her mental health suffered as a result of HSBC's actions. She has provided a medical note from her doctor dated February 2023, showing that she was depressed and unable to work for a month. I recognise Miss A has been very upset by the bank accusing her of fraud and recording a CIFAS marker against her name. I've also considered the sick certificate Miss A has kindly provided about how this matter has impacted her. Having done so, I consider the level of compensation suggested is fair and proportionate for the distress and inconvenience Miss A was caused. So, I won't be increasing the level of compensation. For completeness, I will however, make a formal award.

In reaching this conclusion I should explain that our awards are designed to reflect the actual loss, trouble, and upset caused to the consumer by something a financial business did wrong. We are not here to punish financial businesses. Nor can we award compensation as a means of punishing a business for a consumer bringing their complaint to this service.

Finally, I've looked at HSBC's decision to close Miss A's account. Banks are entitled to end their business relationship with a customer, as long as it's done fairly and is in line with the terms and conditions of the account. The terms and conditions of Miss A's account say that HSBC can close an account in certain circumstances immediately. Given the concerns HSBC had about how Miss A was operating her account, I don't think that's unreasonable. So, it was entitled to close the account as it's already done and end its relationship with Miss A.

### **My final decision**

For the reasons I've explained, my final decision is that to resolve Miss A's complaint HSBC UK Bank Plc should if it hasn't already done so remove the CIFAS marker it has recorded against Miss A's name and pay her £300 compensation in recognition for the trouble and upset to which she has been put.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss A to accept or reject my decision before 22 November 2023.

Sharon Kerrison  
**Ombudsman**