

The complaint

A company, which I'll refer to as C, complains that HSBC UK Bank Plc is wrongly seeking repayment of a Bounce Back Loan (BBL). C says the loan was taken out without its knowledge.

What happened

In February 2021, there was a successful application in C's name for a £50,000 BBL, and HSBC transferred the loan funds to C's bank account. Over the following month, the funds were transferred out of the account.

BBLs were designed to help businesses get finance more quickly if they were adversely affected by the coronavirus outbreak. Under a government-backed scheme, lenders could provide a loan with a six-year term for up to 25% of the customer's turnover, subject to a maximum of £50,000.

C's sole director said that he didn't apply for the BBL or spend the funds, and that C hadn't benefited from them. He said C had been the victim of identity theft. The bank didn't change its position and continued to hold C liable for the loan. C therefore brought its complaint to this service.

Our investigator looked at all the evidence and concluded that HSBC hadn't acted unfairly or unreasonably. In summary, she gave these reasons:

- The email address given at the top of the BBL application form was different from the address HSBC held on file for C. But the BBL facility letter was sent to C's genuine email address, then the documents were viewed on two separate days and returned signed from the genuine email address.
- The BBL funds were credited to C's account on 15 February 2021. The first payment of the funds out of the account was made on 28 February and five further payments were made up to 28 March. The payments were made using online banking.
- HSBC's technical records show that C's online credentials, passwords and secure keys haven't been changed since the account was opened in 2018. There have been no requests to reset online banking.
- There were undisputed online transactions made by C in February and May 2021 from C's account, using the same credentials.
- To carry out the online transactions, a third party would need to know C's genuine details and have access to its director's genuine email. Additionally, they would need the PIN and passwords or have access to his mobile phone.

C didn't agree with the investigator's findings. Its director asked for the case to be reviewed by an ombudsman.

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 that, I've come to the same conclusions as the investigator, and for largely the same reasons.

I'm satisfied that the BBL agreement was sent by HSBC to the email address which it held for C (and at which we currently communicate with the company). The signed agreement was returned to the bank from the same address. I'm also satisfied that the BBL funds were moved out of C's bank account by online transfer over a period of just over a month. The security arrangements for operating that account weren't changed at any time, so whoever made the transfers must have had access to C's email account and the security details or the director's phone. Moreover, C made other, undisputed, online transactions shortly before and after the same period. From the evidence, I can't see how a third party could have applied for the BBL and spent the funds without C's knowledge.

C's director has pointed out that the turnover figures given in the BBL application were in excess of the company's actual trading figures. But the BBL scheme was designed specifically for the extraordinary circumstances of the pandemic, and applicants were required to give only a self-declared turnover figure for their business. That's what happened with the BBL application in this case, so I can't say the bank did anything wrong here.

Taken all together, the evidence doesn't, in my view, support a version of events in which a third party applied for the BBL and carried out the disputed transactions without the knowledge or consent of C's director.

For the above reasons, I don't think HSBC has acted unfairly or unreasonably by requiring C to repay the BBL.

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 C to accept or reject my decision before 16 August 2023.

Colin Brown
Ombudsman