

The complaint

Mr M is complaining about how HSBC UK Bank Plc dealt with a request to put his account on hold and the actions they took after this.

What happened

Mr M had a graduate account with HSBC which was overdrawn in 2013. Mr M was not able to manage his account for potentially up to ten years and his mother was given authority to run the account. Mr M's mother went to a branch and says she was told by the branch manager that his account would be 'frozen' while he wasn't able to manage it. She was given the impression that the account would be put 'on hold' and available for Mr M to use at a later date and that no action would be taken in the meantime.

But in June 2014, HSBC wrote to Mr M to confirm that there had been no payments into the account since 25 November 2013 and that they were cancelling the overdraft. In an arrears letter in July 2014, HSBC asked Mr M to make payment. Further letters were written by HSBC to Mr M regarding the status of the account being overdrawn over several months.

Mrs M's mother contacted the bank to raise a complaint about the calls HSBC were making to her which she viewed as harassment and about the guidance that the branch gave her about the account. She felt this agreement wasn't being honoured.

In October 2014, HSBC replied to the complaint and apologised for the incorrect information which was originally given by the branch manager. They apologised for any distress caused by the system generated demand letters which were issued to inform Mr M of the status of the account. They offered £100 compensation for their initial error but explained that they wouldn't put an account 'on hold' in the way Mrs M was told and that they would be taking further action to close the account and pass this to a third party to recover. In December 2014, HSBC replied to a similar complaint from Mrs M and explained the situation again.

In February 2020 Mr M made a complaint about this and about the impact this had on him. He made follow up points on in March 2020. The follow up points include the account being "frozen/dormant", the harassment of his mother, trying to pay £2,000 to reactive the account in August/September 2018 and how HSBC approached his complaint and data protection issues.

HSBC responded to these additional points on 17 March 2020. In their letter they explained that they accepted responsibility for the branch manager giving Mr M incorrect information regarding dormant accounts they apologised if Mr M's mother felt harassed by the letters sent out. They also confirmed that the £100 "gift" was not a bribe but was to compensate for the initial error.

In addition, HSBC confirmed that they were unable to accept the £2,000 deposit as the account had already been closed by this point.

A complaint was brought to our service as Mr M was not satisfied with the outcome. HSBC responded to our service to say that where Mr M's mother hadn't accepted the initial

compensation that had been offered – they were now willing to offer £100 to Mr M to compensate him for the impact this had on him.

The investigator who looked at the case had said that HSBC admitted they did give incorrect information regarding Mr M's account being able to remain dormant initially. But they didn't believe HSBC should take additional action. Apart from the initial error, they had been clear in the future communications with Mr M and his mother about what would happen if regular credits were not paid into the account. Whilst £1,000 had been paid into the account, £700 had later been withdrawn from the account and this wouldn't count as regular credits to maintain the account.

HSBC accepted the view but Mr M has asked for this to be looked at by an Ombudsman as he feels HSBC have acted "disingenuously" throughout the whole process.

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.

Generally speaking, I have arrived at the same conclusions as the investigator – and for very much the same reasons. Mr M has made a number of points to both HSBC and this service and I've considered and read everything he's said and sent us. But, in line with this service's role as a quick and informal body I'll be focusing on the crux of his complaint in deciding what's fair and reasonable here.

All sides accept that there was an error during the initial visit to the branch when the branch manager told Mr M that the account could be frozen. So the right thing to do here would have been for HSBC to apologise, recognise the impact this had and explain what the actual situation was – if Mr M's mother was given the guidance she should have been.

That's what HSBC did here. They advised Mr M's mother, on several occasions, that they couldn't 'freeze' or put his account on hold in the way she'd been led to believe and that they would be treating this account like any other – and that included taking further action to recover what was owed where payments hadn't been made for some time. That was what I'd expect to see here.

So HSBC were entitled to send the final demand letter that they did. And, when this wasn't satisfied they were also entitled to take the actions this detailed, which is why - once the final demand payment was not paid - the account was closed, and Mr M could not pay £2,000 into the account at a later date. That means that here, it wouldn't be fair for me to suggest that HSBC take any further action in terms of how they've handled this account.

I understand that Mr M felt that his mother was harassed due to the volume of letters which were sent out. Mr M's mother complained about this and HSBC took steps to try and limit their communications. They noted not to make telephone calls, but equally they have to follow regulatory requirements to send out information for accounts which are in arrears. That's what they did here and I don't think they acted unfairly in doing so. Letters like this will sometimes be worrying to receive and read, but they have to be sent so the bank can tell a customer what will happen, or has happened, to an account.

Mr M has also raised concerns with the fact that HSBC passed information about him and his account to other parties. This service isn't here to make a formal finding on whether a business has complied with the relevant data protection legislation – that's the role of the Information Commissioner's Office. But in looking into this, HSBC has explained why they did what they did here and that explanation is a reasonable one that satisfies me they've

acted fairly in this respect.

That said, their offer to pay Mr M £100 to compensate for the impact their guidance would've had back in 2014 is a fair one. I realise that Mr M views HSBC's original offer to his mother as 'bribery' but, I think they were just trying to make a gesture of goodwill to her to recognise the trouble she had been caused. In any event, this service doesn't have the power to make an award to anyone but Mr M, who is the person eligible to complain here. And I feel that £100 is fair for the impact this would have had on him.

I don't think HSBC have acted "disingenuously" through the process as they have tried to put things right when they have made a mistake, such as apologising for the wrong information the branch manager gave and have taken steps such as not contacting Mr M and his mother by telephone. They have replied to either Mr M or Mrs M's mother in a timely way and have tried to address each point Mr M raised with them.

So, overall here, while everyone accepts that HSBC gave the wrong information back in 2014 – I don't think that means that they should now do everything that Mr M wants them to do. For the reasons I've explained above, I'm satisfied that they were entitled to do what they did with the account here and that they acted fairly in doing so.

My final decision

HSBC UK Bank Plc have already made an offer to pay £100 to settle the complaint and I think this offer is fair in all the circumstances.

So my decision is that HSBC UK Bank Plc should pay £100.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 18 February 2021.

Gregory Sloanes
Ombudsman