



The complaint

Mr S complains about HSBC UK Bank Plc's decision to restrict his account while carrying out a review.

What happened

In October 2019, Mr S received a payment into his account. The transaction was flagged for review and HSBC restricted Mr S's account. HSBC got in touch with Mr S about the transaction. Mr S confirmed he wasn't expecting the payment and agreed that HSBC could return it.

Around 25 October 2019, HSBC allowed Mr S to withdraw some of his salary money from his account. When HSBC reapplied the block to allow them to carry out their review, they put a full block on Mr S's account in error. HSBC said they should have only limited debits from the account – but the block they placed refused credits into the account too. HSBC offered Mr S £150 compensation for this error in their final response.

HSBC completed their review and removed the block on 31 December 2019.

Mr S said during the time his account was blocked, he wasn't allowed access to his wages as promised by HSBC and he missed loan payments which affected his credit file. Mr S also said not having access to his money caused him to gamble which affected his mental health overall.

Our investigator reviewed the complaint and didn't uphold it. He said HSBC were entitled to review and block Mr S's account while they reviewed it and thought the £150 compensation to recognise their error was reasonable. Our investigator also found that HSBC did allow Mr S to withdraw his salary money. And he was satisfied that HSBC updated Mr S's credit file once the block had been removed.

Mr S didn't agree. He said he was only given access to one lot of money and no more – and he was charged numerous fines due to the late payments on his loan. Mr S also didn't agree that the block was removed in December 2019 and said it was blocked for around five months.

As an agreement couldn't be reached, the complaint has been passed to me to review.

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 won't be upholding this complaint. I know this will come as a great disappointment to Mr S, so I've explained my reasons further below.

The block and review

HSBC placed a block on Mr S's account in October 2019. HSBC explained that Mr S had received a payment of £20,000 into the account which flagged the review. I'm pleased to see

HSBC queried this payment with Mr S as part of their review. Mr S confirmed to HSBC that he wasn't expecting the payment and therefore agreed to send it back to the original sender. HSBC continued to carry out a full review of Mr S's account.

HSBC are strictly regulated and must take certain actions in order to meet their legal and regulatory obligations. Based on what I've seen, I'm satisfied HSBC were acting in line with these obligations when reviewing and blocking Mr S's account.

HSBC have confirmed that the block should have only prevented debits being made from the account. However, HSBC allowed Mr S to access some of his money to cover his daily expenses, so they had to fully remove the block to allow the withdrawal to be made. When HSBC reapplied the block, they added a full inhibit to the account in error. This meant Mr S's account didn't receive any credits into it. HSBC recognised their error and offered Mr S £150 compensation. I recognise Mr S doesn't think this is enough – but based on the circumstances of this complaint, I consider this amount to be a fair reflection of the distress caused by HSBC fully inhibiting Mr S's account in error.

Access to the money

Mr S is unhappy that he wasn't able to access the money in his account. He said HSBC said he could access his salary money, but they only let him do this once. I've considered the circumstances of the complaint and note that Mr S was able to withdraw money during a visit to branch. I appreciate after this initial withdrawal; Mr S didn't withdraw any further money. I haven't seen anything to suggest that Mr S tried to withdraw more money and was refused, but I've considered Mr S's testimony – he said HSBC didn't allow him.

I recognise how frustrating it must have been for Mr S to realise he couldn't use his account. And I appreciate this would have put him in a financially challenging position because he didn't have access to his money. But a bank can't always guarantee that money in an account will be readily available as they have broader regulatory obligations with which they have to comply.

I'm pleased HSBC did allow Mr S access to his money in October 2019, so I don't consider they fully restricted Mr S's access to his money for the entire block. But even if they had, they're entitled to do so based on their legal obligations. So, I can't fairly uphold Mr S's complaint on this point.

How long did the review take?

While banks are entitled to carry out reviews, they must do so in a way which is in line with the terms and conditions of the account, and they shouldn't cause any unnecessary delays. Having reviewed HSBC's actions, I'm satisfied they didn't cause any unnecessary delays. The block was removed from Mr S's account in December 2019. I recognise in response to the investigator's view, Mr S says the restriction wasn't removed on this date, and he says his account was blocked for around five months.

HSBC have sent screenshots of their internal system notes to show the block was removed in December 2019 and I've also considered Mr S's bank statements which show the account was being used after this date. Therefore, while I appreciate Mr S's comments, I can't fairly agree that his account remain blocked after December 2019.

Late payments and credit file

Mr S has explained that the block meant he couldn't make payments to his HSBC loan and he was charged late payments because of it. Mr S also said his credit file was affected.

I've reviewed Mr S's loan statement, and I can't agree that he has been charged any additional fees for making late payments. I'm also satisfied based on the evidence that I've seen that Mr S's credit file was corrected by HSBC in January 2020. Therefore, I'm satisfied that no adverse data has been recorded against Mr S in relation to this complaint.

Overall

Overall, I can appreciate why this would have been a distressing time for Mr S. He's said it affected his mental health and anxiety and put him in a desperate position – he gambled to try and get money. I fully sympathise with Mr S, but in order for me to fairly uphold his complaint, I'd need to be satisfied that HSBC did something wrong. And based on the circumstances of this complaint, and the evidence I've received, I don't think they did.

Ultimately, they were entitled to review and block Mr S's account – and they did so in a timely manner. They gave Mr S access to his money on one occasion and offered £150 compensation for an administration error they made in regard to the block. When Mr S's account was unblocked, they rectified any potential issues with his credit file to ensure he wasn't adversely affected. So overall, I'm satisfied with HSBC's actions and won't be asking them to do anything differently.

My final decision

For the reasons I've explained above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 12 October 2021.

Hayley West
Ombudsman