

The complaint

Mr B complains that HSBC UK Bank Plc closed his bank account leaving him without access to his money.

What happened

Mr B says that HSBC closed his current account while leaving his savings account open. He says this meant he couldn't transfer the money from his savings account and so couldn't access his money. He was abroad at the time and unable to travel back due to Covid-19 restrictions and says he had to rely on charity for basics such as food. He says he wants his account re-opened and compensation for the upset and issues caused by its closure.

HSBC initially said that Mr B's account was closed in May 2019 due to a default. It then said this was a mistake and that the account was closed due to dormancy and Mr B wasn't informed as the UK address it had on its system had been marked as 'Gone Away'. Due to the error, it offered to pay Mr B £100. It didn't agree to reopen the account. Regarding Mr B's savings account it said Mr B had access to its telephone banking services and he could transfer his money from this account to any other account.

Our investigator didn't think HSBC had done anything wrong by closing Mr B's account and he didn't find this had caused any financial detriment as there was a negative balance on the account at the time of £5.80 which was written off. He said that as a 'Gone Away' marker had been added to Mr B's account it was right the correspondence wasn't being sent. Therefore, he didn't uphold Mr B's complaint about the closure of the account and thought the £100 offered in the final response letter was reasonable.

Mr B responded to our investigator's view. He reiterated that the money in his account was his and that closing his other account meant he couldn't transfer money from his savings account. He didn't think £100 was enough given the discomfort he had been caused.

Following the view being issued further questions were raised and HSBC said it could have done more to inform Mr B about the account closure. Because of this it increased its offer of compensation to a total of £200. Mr B didn't accept that £200 was enough given the upset and inconvenience he had been caused.

As a resolution hasn't been agreed, this complaint has been passed to me, an ombudsman, to issue a decision.

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.

I am sorry to hear of the issues Mr B has experienced and can understand why he was upset that his account was closed.

Mr B had a current account and a savings account with HSBC. He says that because his

current account was closed, he couldn't access the money in his savings account. While I appreciate this may be what he had understood, this isn't correct and the money in the savings account could have been accessed by Mr B. HSBC has said Mr B has telephone banking services and so he could have called and transferred amounts to another account. Therefore, I do not find that the closing of Mr B's current account meant he couldn't access his savings.

That said, I understand that Mr B is upset his current account was closed. He said this was the account he used for payments, credit card and so on meaning it was very disruptive for this to be closed. I have looked at the current account statements and can see he used the account although this use was very limited. He made a transfer in and out on 1 October 2018 and then a transfer and payment in December 2018. This left a small positive balance. Mr B then made a payment from the account on 3 April 2019 which resulted in a small negative balance. So, while I note Mr B's comment about the account being the one he used, based on what I have seen, this doesn't seem to be the case and I assume Mr B had other means for making his regular payments. I also note that Mr B raised his complaint about the closed account in October 2020, more than a year after the account was closed in May 2019 which again suggests it wasn't an account he was reliant on for his day to day transactions.

While the account doesn't appear to be one that Mr B was using for his regular payments, I can still understand why he was upset that it was closed. I can see a letter was sent in July 2018 saying the account hadn't been used since January 2018 and that it should be used regularly. The terms and conditions of the account allow HSBC to close the account immediately in certain circumstances and can close the account after giving two months' notice in other circumstances. In this case, a 'Gone Away' marker had been recorded on Mr B's account in October 2018. As I cannot see that Mr B provided an up-to-date address at this time, I cannot say that had further correspondence about his account been sent that this would have been received by Mr B rather than returned.

HSBC said in its final response letter that the account was closed by its collections team and due to a default a new account couldn't be opened. It then said that a default wasn't applied as given the small size of the balance it was written off and that account was closed due to dormancy.

Overall, I do not think that HSBC provided the service it should have when dealing with the closure of Mr B's current account. I say this because the account had only gone into a negative balance a month before the account was closed and it didn't appear to be a dormant account. I can't see that notice of the account closure was sent and I think that HSBC should have done more to try to notify Mr B about his account closure.

Mr B has said he wants his account re-opened. I do not require HSBC to do this. It is for HSBC to decide what if any services it provides to customers. I think that the issue has caused Mr B some upset and that the incorrect information given for the account closure provided further distress. HSBC initially offered to pay Mr B £100 because of this and since our investigation has increased this amount to £200.

I understand that Mr B doesn't think £200 is enough compensation given the issues he has experienced. However, as the account that was closed was one he wasn't making regular use of and based on when he raised the complaint it doesn't appear to have been a major issue for him at the point of closure, I think £200 is reasonable. I note Mr B's comment about access to his savings account but this has always been available to him and had he contacted HSBC about this it could have assisted him sooner to prevent him being without funds at a very difficult time.

Overall, I think the total compensation of £200 offered in resolution to this complaint is reasonable.

Putting things right

HSBC UK Bank Plc should pay Mr B a total of £200 compensation for the issues raised in this complaint (if this hasn't already happened). I do not require it to do anything further in regard to the account closure.

My final decision

My final decision is that HSBC UK Bank Plc should take the actions set out above in resolution of this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 26 August 2022.

Jane Archer
Ombudsman