

## The complaint

B, a limited company, complains about the way that HSBC UK Bank Plc has requested information, and which has led to its account being closed.

## What happened

B says that it tried to respond to HSBC's requests for information. But it was unhappy that a member of staff made a mistake which it says led to its account being closed. It had to start things all over again and it thought the process and requirements were unreasonable and the opposite of protecting it.

HSBC said it had a legal requirement to show that it knew and understood who its customers are. And that it operated a safeguard exercise to collect and check information to help protect against fraud and financial crime. It had set out what it wanted from B, but it accepted that in August 2021 there had been a spelling mistake in an email address sent. And some confusion about whether B would be getting a call back or not. B's account was closed. In response to the complaint the account had been reinstated and the deadline for providing the information extended. It had paid B £50. When the complaint was referred to this service HSBC increased its offer and said it would pay a further £150.

Our investigator didn't recommend that HSBC do anything more that it has now offered to. He said that we wouldn't be requiring HSBC to change its processes as B wanted and this wasn't our role. And he thought the compensation was reasonable. He said he wouldn't be able to look at what had happened after the final response to the complaint: that would need to be raised with HSBC first.

B didn't agree. It said it had never accepted £50 and £200 in total wasn't sufficient. It had submitted the information in June 2021. It received a call from someone purporting to be from HSBC asking for more information. It was suspicious especially due a mistake in an email address sent later with a request. The director who took the call expected a call back. This didn't happen, and the account was restricted from 18 August 2021 to 6 September 2021. The account was reinstated but it was then told that it would need to input all the information again. And it explained that the account was suspended again. B said it was being harassed and this was continuing. It wanted this to stop and to get a letter of apology.

### *my provisional decision*

I issued a provisional decision on this complaint on 10 February 2022. I said I wasn't intending to change the outcome, but I wanted to explain my reasons for this. I set out below what I said.

As our investigator has said we are considering the position up to the final response from HSBC to B's complaint. I knew that there have been further issues but those aren't something I was looking at here. And HSBC would need to be able to respond to those first. I fully appreciated that B sees them as a continuation of past problems.

I could see that HSBC wrote to B in January 2021 about the safeguard exercise. And in

February 2021 wrote to say that B would need to complete the information by 7 May 2021. It sent reminders about this in March and April 2021. On 10 May 2021 it wrote to B to say that as it hadn't been in contact the account would be closed on 16 July 2021 and this was notice in line with the terms and conditions. As B had been in contact after that it wrote on 21 July 2021 to say that the closure date would be extended until 19 August 2021. But closure could be avoided if B called with the information by 12 August 2021.

A director of B took a call from a member of HSBC staff on 2 August 2021. There was a discussion about the information. And an email sent to B asking for information. This email address had a spelling mistake and the directors of B were worried that this was a 'phishing' attempt. They also expected to receive a call back. No further action was taken, and the account was closed.

HSBC agreed that the account could be reinstated on 6 September 2021. I understood B had to set up its regular payments again. A 30-day extension was provided to complete the requirements. B complained about what had happened and that it had to start the online form again. HSBC sent a final response stating that B had been told on 6 September 2021 that it would need to do so. And as it hadn't been completed HSBC sent a text message about it. The deadline was extended to 14 November 2021. As I'd said I wasn't looking at what happened after the final response letter of 14 October 2021.

#### *my assessment*

I didn't doubt that there would be an element of inconvenience to any customer being required to complete this information. But I didn't have a basis to say that the requests were unreasonable and weren't a legitimate way of HSBC fulfilling its regulatory requirements. So, I said I wouldn't be making any comments on its overall process, but I would look at any parts of that process that may have failed.

B said that it completed the form on 27 June 2021. I understood the form was returned to it for more information. HSBC wasn't satisfied with any response. And it extended the deadline and made clear in my view that there was further information required. It followed this up with a call. I appreciated B thought that this was suspicious. It could have checked on the authenticity of it when the call back it expected didn't come. I didn't see given its suspicions that it could reasonably think that the safeguard exercise was complete.

HSBC accepts the error with the email address and that there was an element of inconvenience. But that it closed the account as it had told B it would. It has offered £200 for the inconvenience. And this reflects that B had to start again with the information. Having found out what happened the account was reinstated, and B was given additional time.

I said I thought that HSBC's response to what happened was reasonable. Either B suspected the call and email as bogus and so that the requirement hadn't been met and it could have followed this up. Or if it didn't suspect this then it could have responded to the email. It did neither as far as I could see. I didn't think I could reasonably find as a result that HSBC is responsible for the consequences of its account being closed. I thought B had a reasonable opportunity and notice period to meet these requirements even given some difficulties.

HSBC has offered B £200 in total and that's not less than I might otherwise have awarded. So, I knew B would be disappointed when I said that I wouldn't be asking HSBC to do more than this.

### **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.

HSBC said it didn't have anything else to add.

B said it was "*sad, worrying and inexplicable*" that this service didn't believe it could do more than make a financial penalty. It expressed concern about what it would do if asked again for this information.

My assessment of compensation isn't as a penalty but as an amount to reflect the inconvenience and impact for B based on my findings. I see no reason to depart from those provisional findings and I remain of the view that I won't be increasing the amount of compensation.

### **My final decision**

HSBC has made an offer now to settle the complaint which I think is fair in all the circumstances. So, my decision is that I require HSBC UK Bank Plc to pay B a further £150 making a total of £200 in compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask B to accept or reject my decision before 14 April 2022.

Michael Crewe  
**Ombudsman**