

## **The complaint**

Ms S and Mr T complain that HSBC UK Bank Plc (“HSBC”) froze their account and hasn’t re-activated it even though they’ve provided documents to prove their identity. Ms S and Mr T are represented by a relative in bringing this complaint but, for ease of reading, I’ll refer to all submissions as having been made by Ms S directly.

## **What happened**

Ms S and Mr T have a joint account with HSBC. The account was frozen due to dormancy in 2019. Ms S says she wasn’t given any notice of this. In January 2021, she contacted HSBC seeking to re-activate the account.

Ms S says HSBC told her that she and Mr T needed to provide proof of their address and their passports so that the account could be unblocked. As Ms S lives abroad, she asked if a relative in the UK could take the documents into a UK branch. Ms S says she was told this would be fine if the relative also took a signed letter of authorisation. But when the relative went to the branch in February 2021, Ms S says they were told they had no right to discuss the account and that the documents they’d brought in weren’t acceptable.

Ms S says she sent many emails to HSBC afterwards, which were ignored. She says she suspects racism played a part in this. She says that, when she next heard from HSBC, it said that the documents had to be certified and apologised that she hadn’t been told this before. Ms S says she provided certified documents in February 2021 but, when she came to this service in July 2021, the account remained blocked.

She wants HSBC to unblock the account, provide new debit cards, apologise for the trouble and upset caused and pay some compensation to cover the cost of her calls to HSBC as well as the upset and inconvenience this situation has caused.

Our Investigator thought that HSBC should pay compensation of £300 to recognise the distress and inconvenience caused and reimburse Ms S’s call costs. She didn’t ask HSBC to lift the restrictions on the account, as she thought Ms S and Mr T needed to provide identification documents in line with HSBC’s policy first. Ms S disagreed. She said she has already confirmed that her address hasn’t changed and that being asked to do anything else will cause serious inconvenience.

## **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.

The terms and conditions of Ms S’s account say that, if she’s not using the account, HSBC may restrict payments in or out of it to protect against fraud. The terms say that HSBC will do this after 12 months but will let her know first.

Ms S’s statements confirm that the last activity on the account was in April 2018. HSBC wrote to her in April 2019, telling her of its intention to freeze the account. There hadn’t been

any activity on the account for 12 months by this point. I've seen a copy of HSBC's letter. It was sent to the correct address. It was also available online. So I'm satisfied that HSBC told Ms S that it was going to freeze her account, in line with the terms and conditions.

The letter said that HSBC would freeze the account unless a transaction was made before 25 June 2019. As there was no activity on the account by this date, I think it was reasonable for HSBC to freeze it.

Around 18 months later, Ms S contacted HSBC. I think it's reasonable that HSBC wanted to verify Ms S and Mr T's identity at that point, before re-activating the account. It asked to see documents to prove their identity and their address. That's what I'd expect.

But after that, I think HSBC made some mistakes. It didn't give Ms S accurate or sufficiently detailed information about the documents she needed to provide. It told her she could provide a bill in another language as proof of her address. That wasn't correct. It said that a relative could take the documents into a branch with a letter of authorisation. That wasn't correct. It didn't tell Ms S that the documents needed to be certified or explain the specific certification requirements.

This led to Ms S providing documents on more than one occasion which didn't meet HSBC's requirements, meaning the account remained frozen. Given the amount of contact between Ms S and HSBC from January 2021, I think there was plenty of opportunity for HSBC to explain its requirements clearly. Unfortunately, this didn't happen.

I think it's reasonable for HSBC to have specific requirements in place about the types of documents it will accept to prove a customer's identity. I also think it's reasonable for HSBC to be strict about this and to reject documents which don't meet its specific requirements. This is what I'd expect. It's on the basis of these documents that HSBC will open up access to a customer's account. So it needs to be sure it's protecting the account and preventing fraud, so far as possible.

But I think HSBC needed to be clear with Ms S about its requirements. I'm satisfied that it has clear procedures in place. But I don't find that Ms S was made aware of them or that they were explained to her clearly or fully by HSBC.

Our Investigator sent Ms S a link to HSBC's website which sets out details of the documents it will accept to confirm her identity and prove her address. It explains how the documents can be certified, including who can certify them, the wording they need to write on the copies and the details about themselves which they need to include.

Ms S says the documents she has provided should be acceptable to HSBC as they've been certified. But I don't find that the documents meet HSBC's requirements. So I don't think it's unreasonable that HSBC hasn't unblocked the account. And the terms and conditions allow HSBC to block the account if she doesn't give it any information it reasonably asks for.

Ms S says that, if HSBC sent a letter to her address notifying her of its intention to freeze the account, it must be satisfied that's her address. But that letter was sent in 2019, before the account was frozen. I don't think it's unreasonable that, in 2021, HSBC required proof of Ms S's address before re-activating the account. Ms S says she has confirmed over the phone many times that her address hasn't changed. So she says there's no reason for the account to remain blocked. But a customer verbally telling HSBC that they haven't changed their address isn't the same thing as proving it's their address by producing specific documents and having them certified. That's what HSBC requires and I think that's reasonable.

To date, Ms S hasn't provided documents which meet HSBC's criteria. So I'm not going to ask HSBC to re-activate the account. But I don't think HSBC acted fairly here because it didn't explain clearly and accurately, from the outset, what Ms S needs to do to re-activate the account. That has caused significant inconvenience to Ms S and has contributed to the delay in her being able to access her funds. But I don't find that the delay is all HSBC's fault, as Ms S has since been told what she needs to do.

Ms S says that Mr T incurred a late payment fee with another business because he couldn't make an annual payment from the HSBC account. The statements confirm that there haven't been any transactions from the HSBC account since April 2018, so I don't find that an annual subscription was being paid from this account. In any event, the account was blocked in 2019 in line with the terms and conditions, so I don't find that HSBC is responsible for any fees incurred by Mr T elsewhere.

Ms S is very unhappy with the service she received from HSBC. I can appreciate that the situation has been very frustrating. As I've said, I don't think HSBC explained clearly to Ms S from the outset what she needed to do to re-activate the account. But I don't find that it made any other mistakes here or acted unfairly in other ways. I haven't seen any evidence that it ignored Ms S and I'm satisfied that the steps it took were in line with its policies. So I haven't seen anything to suggest that Ms S was treated differently from other customers.

### **Putting things right**

I think HSBC needs to pay compensation to Ms S to recognise the trouble and upset caused by giving her inaccurate information. I think £300 is a fair amount here. I also think it would be fair for HSBC to reimburse Ms S for the phone calls she made. She hasn't been able to obtain proof of the call costs, but HSBC says it's willing to pay £100 to cover these. I think that's reasonable. If Ms S accepts my decision, she should tell HSBC where to send the payment, as the HSBC account remains blocked currently.

HSBC has confirmed its identification requirements and these have been passed on to Ms S. I would urge her to provide the information to HSBC as soon as possible.

### **My final decision**

For the reasons above, I uphold this complaint. HSBC UK Bank Plc should:

- pay compensation of £300 for the trouble and upset Ms S and Mr T experienced; and
- pay £100 to cover the cost of Ms S and Mr T's calls.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms S and Mr T to accept or reject my decision before 15 June 2022.

Katy Kidd  
**Ombudsman**