



## **The complaint**

Mr D is a trustee of a trust which I'll refer to as 'W'. He complains that HSBC UK Bank Plc treated W unfairly when undertaking an account review.

## **What happened**

W holds a bank account with HSBC. In February 2020, the bank wrote to W and asked that it call the bank to provide some information as part of a safeguarding review. HSBC didn't get a response, so it wrote to W again in August and discussed the matter with it on a call in September to chase up the documentation it needed.

A couple of weeks after the call, HSBC wrote to W again saying its account would be closed if it didn't provide the information the bank had requested by 17 December 2020. A follow up letter was then issued in December extending the deadline until 18 January 2021.

W's trustees believed they had sent the required information to the bank, so they contacted HSBC in December. A further call with the bank took place on 5 January to discuss the progress of the review, although without any meaningful progress.

On 18 January, Mr D noticed that W's bank account had been suspended. He complained to HSBC as he was unsure what had happened. On 10 February, W's account was reactivated, and on 25 February, the review was completed.

HSBC upheld the complaint in part. The bank said it had written to W several times to undertake the safeguarding review, but as this hadn't been completed by the 18 January deadline the account had been suspended. HSBC acknowledged Mr D had made contact before the deadline, so the review date should have been extended. The bank apologised and offered £250 compensation. W's trustees didn't think the compensation was enough for the inconvenience and financial loss it had incurred from the bank's actions and asked this service to look into its complaint.

Our investigator didn't recommend the complaint be upheld. She acknowledged W had been caused inconvenience when HSBC didn't extend its account review deadline and instead suspended the account. But she didn't think W had suffered any financial loss as a result of this and thought the £250 that HSBC had already offered was fair compensation for the inconvenience its trustees had been caused.

W's trustees didn't agree. They provided an estimate of the financial loss it believed it had incurred and an explanation for the increased compensation amount it should receive. As an agreement couldn't be reached the case was passed to me to decide.

I issued a provisional decision on 12 May 2022. I said the following:

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

HSBC has acknowledged it made an error in not extending the deadline for the trust to provide the information it required. It's apologised for this and offered £250 compensation for the inconvenience. I think that is a fair way to resolve things, so I'm not requiring HSBC to take any further action. I'll explain why.

The bank's error meant W wasn't able to use its account for around three weeks. Mr D has told us that because W account was suspended, it was unable to tax or pay for petrol for its vehicles which meant they were off the road. W estimates that it suffered a financial loss of around £530 for this period, based on the donations that it lost out on. W has shown that it became aware the vehicles weren't taxed on 4 May but Mr D then paid the vehicle tax himself on 9 May. I acknowledge this was inconvenient for W, but based on the information provided, it appears the vehicles were unusable for five days, rather than two weeks.

In any event, I can't see that this actually caused W a financial loss. Even accepting that there was some impact on its operations, W runs a charitable operation through which it collects donated items and passes them on to others. This wouldn't be classed as a financial loss as there wasn't any money involved and W hasn't lost any money itself from not collecting the donations.

Mr D also says that the issue caused it reputational damage. But I haven't seen any evidence that's the case. Mr D has told us that the trustees were able to mitigate some of the impact from this by paying bills and costs themselves. And I think it's reasonable to believe that W would have been able to explain to potential donors what had happened - given how the charity works, I think it's unlikely donors would believe this was a result of W's own actions. The bank also apologised in its Final Response Letter for its actions, which W could show to anyone who has concerns about what happened - should it need to.

I think it's clear though, that the bank's error caused Mr D and the other trustees some distress and inconvenience. The trustees had to cover some costs while they were unable to access W's account - which had to be claimed back at a later date - so there was inconvenience in making alternative arrangements while W's account couldn't be utilised.

W believes that the compensation offered by HSBC isn't enough. It says that £750 is a reasonable figure based on similar awards by this service. But I don't agree. As a service, we don't set a precedent when making awards. Each case is assessed on its individual merits and the impact on the complainant and that's what I have considered when making my decision.

It's not for me to fine or punish a business for making a mistake. HSBC has apologised and offered £250 compensation for the inconvenience caused - and taking everything into account, I think that the bank has done enough to put things right. Therefore I won't be asking HSBC to do anything more.

Mr D also says that he wasn't given a satisfactory explanation for what happened. But I don't agree because:

- HSBC sent letters to W explaining that further information was required from the bank's customers to help deter fraud, money laundering and tax evasion. The letters also said notice to close the account may be given if this information wasn't given - in line with the bank's terms and conditions.
- The bank requested the outstanding information from W on at least four more

occasions - over a period of around eleven months - and clearly explained the account would be closed if this wasn't provided. HSBC also extended the review deadline on several occasions - taking into account circumstances outside W's control such as the coronavirus pandemic.

- HSBC spoke to a representative of W on the phone in September and requested the outstanding information. This still wasn't received by the bank in time for the next review deadline in December as expected.
- HSBC explained in its final response that there had been an error by a member of staff which meant the account review date hadn't been moved forward as it should have been.

I invited Mr D and HSBC to give me any more evidence and information they wanted me to consider before issuing my final decision. HSBC accepted the decision and said it had nothing further to add. Mr D didn't say whether the trust agreed or disagreed.

### **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, as HSBC responded to say it had nothing further to add and Mr D hasn't responded with any further information, I see no reason to reach a different conclusion.

So this final decision confirms the findings set out in my provisional decision.

### **My final decision**

HSBC UK Bank Plc has already made an offer to pay £250 to settle the complaint and I think this offer is fair in all the circumstances.

So my final decision is that HSBC UK Bank Plc should pay £250 to Mr D for the inconvenience caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask W to accept or reject my decision before 30 June 2022.

Jenny Lomax  
**Ombudsman**