

The complaint

F, a limited company, complains HSBC UK Bank Plc unfairly closed its accounts, which caused it significant losses.

What happened

The facts which led to F making this complaint are well known to both parties. But in summary:

- F is a limited company, and this complaint is brought on its behalf by its directors, Mr A and Mr D. F held a current account and a foreign currency account with HSBC.
- HSBC decided to terminate their relationship with F following a review. On 24 June 2020 they gave F two months' notice that its accounts would close. Unfortunately, HSBC made an error and closed the accounts immediately.
- HSBC recognised they shouldn't have closed F's accounts immediately. They reinstated the current account in July 2020 and later sent out debit cards that same month. But they said the accounts would still close on the notice period expiring. They offered F £150 to make up for their error
- F was very unhappy its accounts were closed as it says they were pivotal to carrying out arrangements it had with clients. It asked HSBC to review their decision and reinstate the accounts. HSBC confirmed they would not reopen the accounts.

Our investigator decided to uphold F's complaint in part. They concluded:

- HSBC had the commercial discretion to close F's accounts and our service wouldn't generally interfere with the exercise of that discretion. So, HSBC were entitled to close the accounts.
- HSBC needed to close the accounts according to the accounts' terms and conditions. They admitted they closed the accounts prematurely before the notice period expired.
- £150 wasn't enough to make up for the inconvenience and reputational damage caused to F by not having access to its current account when it should have. F provided information to show it was an active business with clients, so making alternative arrangements at short notice likely impacted it and its clients.
- HSBC should pay £350 to make up for the impact of their error. While F said it suffered financial loss beyond this sum, the evidence it provided didn't show its actual financial loss or that the loss resulted from HSBC immediately closing the accounts. F would have always had to make alternative arrangements because HSBC decided to close its accounts and HSBC could do this.
- HSBC should refund any account charges which they applied during the time F

couldn't use the current account due to HSBC's error. It was unclear whether a £5.50 charge had been refunded or not.

F disagreed with the outcome. It said holding accounts with a top tier bank like HSBC were essential to the nature of its business arrangements with clients, and without them it has suffered a significant and ongoing loss. It asked for a final decision from an ombudsman, so the complaint has been given to me to decide.

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 have decided to uphold F's complaint, but I am not directing HSBC to pay F any more than the compensation recommended by our investigator. I'll explain why:

- Our investigator was correct to conclude HSBC had the commercial discretion to end their relationship with F. HSBC could decide to close F's accounts at any time and it didn't need to tell F why. I understand why F is unhappy about having its accounts closed, but I have considered why HSBC closed the accounts, and I find they acted within the bounds of their discretion.
- HSBC provided accounts to F, but they didn't agree that they would only close F's accounts if the closures didn't interfere with the performance of any private arrangements F had with clients. An agreement of this kind would represent a significant imposition on HSBC's commercial freedom and HSBC was not party to F's arrangements with its clients. So, just because F says its HSBC accounts were central to its arrangements, doesn't mean that HSBC should compensate F because those arrangements were negatively impacted by HSBC's decision to not continue their relationship with F.
- HSBC were meant to close F's accounts on the expiry of the notice period and not before - so they made an error. On balance, I find the length of time F couldn't use the accounts during the notice period would have caused it some inconvenience. It's also reasonable to conclude F's clients may have been concerned about having to do something different without notice, so the reputation of F could have been impacted by this. I find £350 is a fair sum to compensate F in this regard.
- From the information HSBC provided it's not clear they refunded a £5.50 account charge which debited F's current account on 24 June 2020. They did refund an £11.50 account charge which also debited the account that same day, so it seems reasonable that HSBC should refund the £5.50 to make up for immediately closing the account when they shouldn't have
- I am not awarding F any more than this. I have borne in mind that based on what F has said the main loss it suffered stemmed from the closure of its accounts, as opposed to not being able to use the accounts for a period of time during the notice period. I have no reason to doubt F experienced losses if, as it says, holding HSBC accounts was essential to its arrangements with clients. But as I find HSBC didn't do anything wrong by deciding to close the accounts, those are not losses I will be telling HSBC to put right.
- It's for F to provide sufficient evidence to demonstrate actual financial loss caused by HSBC's error. But I don't find the information F provided demonstrates actual financial loss caused by not having use of the accounts when it should have. Instead it evidences the general importance of F having bank accounts in relation to its arrangements with clients, and that it received significant sums into its current account in the past and may have expected to receive significant sums in the future.

- F confirmed with our investigator that it mitigated the loss of its internet domain, which was a loss it originally brought to HSBC's attention. It clarified that the issue for it was the business it lost because of HSBC's actions. So, I have not awarded compensation for the trouble F may have been caused in relation to its internet domain.
- I understand the loss of F's accounts has caused F's directors personal trouble and upset, but those are not losses I can consider. F is a separate legal person to its directors, and I can only consider losses it experienced.

Putting things right

Subject to F accepting my final decision, I direct HSBC UK Bank Plc to:

- Pay £350 to F to compensate for F not having use of the account for a time during the notice period. HSBC has indicated it has already paid F the £150 it originally offered. If this is the case, then HSBC need only pay F a further £200.
- Refund £5.50 back to F unless HSBC has already refunded this account charge.

My final decision

I have decided to uphold F's complaint. Subject to F accepting my final decision HSBC UK Bank Plc must pay F compensation in accordance with the directions I have given above.

Under the rules of the Financial Ombudsman Service, I'm required to ask F to accept or reject my decision before 7 July 2022.

Liam King

Ombudsman