

## **The complaint**

Mr O complains about HSBC UK Bank Plc's decision to block his account and withhold his money.

## **What happened**

In January 2021, Mr O transferred a large amount into his HSBC account for a property purchase. He provided written confirmation that he wanted to make a transfer to property solicitors to complete the transaction. HSBC refused the transfer and blocked Mr O's account for a review.

Mr O borrowed money from elsewhere to complete the property purchase. He also initially confirmed that as he was overseas, he had to spend time chasing HSBC on the telephone for an update on what was happening, and his family members had to attend the branch on his behalf. Mr O said one of his family members received poor service from HSBC.

HSBC requested further information which Mr O provided in January 2021. After March 2021, HSBC didn't take any further action, however the account remained blocked with Mr O being unable to access his money.

Mr O brought the complaint to our service. He wanted his account to be unblocked so he could access the money and compensation for the distress and inconvenience. In the meantime, HSBC offered a goodwill payment of £50 to recognise the poor customer service Mr O's family member received in branch. Our investigator passed on this offer but confirmed he wasn't able to comment on it, or endorse it, as Mr O's family member wasn't HSBC's customer and therefore, our service doesn't have the relevant powers to consider the impact caused to an individual who isn't the bank's customer.

Our investigator gave an initial assessment upholding Mr O's complaint. He explained that he hadn't been provided with sufficient information from HSBC, despite several requests, to confirm why the account remained blocked after Mr O provided the information in January 2021. Our investigator asked HSBC to remove the restriction on the account, pay 8% simple interest on the money held within it from January 2021 up to the date they release the money, and pay Mr O £500 compensation for the distress and inconvenience.

In response to the view, Mr O provided further information on the impact this situation had on him. He explained he'd had to pay additional months' rent due to not knowing whether the property purchase would be completed in time, and his wife had to rent an additional property at the same time to honour her job. He also explained that the money he borrowed from elsewhere had a high interest rate and it was honoured by a verbal contract. Mr O also updated our service to state that he also attended branch and had to pay for a return flight to be able to do so. So he wanted HSBC to cover this additional financial loss.

HSBC responded and provided further information on the block and their actions between January 2021 and March 2021. HSBC agreed there had been delays from March 2021 so while they agreed that 8% simple interest should be paid, they considered this should be from March 2021 as they were actively reviewing the case up until this date. HSBC also

agreed with the £500 compensation and removed the block from Mr O's account after receiving further information from him in February 2022.

Our investigator reviewed the information provided by both parties and came to a different conclusion. While still upholding the complaint, he considered that HSBC's actions between January 2021 and March 2021 were reasonable and therefore considered the block was appropriately placed up until 5 March 2021. Due to that, our investigator explained that it wouldn't be fair to ask HSBC to cover the costs of the additional rent or the flights as both of these events took place before March 2021. And he explained he couldn't cover the cost of the higher interest rate on the loan as he hadn't received sufficient evidence for it.

Mr O remained unhappy and asked for an ombudsman to review things. Therefore, the complaint has been passed to me to decide.

Since the complaint has been awaiting a decision, Mr O has provided a written statement to show evidence that the loan was agreed and the interest rate it incurred.

### **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.

Firstly, I'd like to make Mr O aware that our rules allow us to receive evidence in confidence. We may treat evidence from banks as confidential for a number of reasons – for example, if it contains information about other customers, security information or commercially sensitive information. Some of the information HSBC has provided is information that we considered should be kept confidential.

HSBC are strictly regulated and must take certain actions in order to meet their legal and regulatory obligations. They're also required to carry out ongoing monitoring of new and existing relationships. That sometimes means they need to restrict customers' accounts – either in full or partially while they carry out their review. Having looked at what's happened, I'm satisfied HSBC was complying with their legal and regulatory obligations when they reviewed Mr O's account. So, I can't fairly say they've done anything wrong.

As part of their review, HSBC asked Mr O for information, which they're entitled to do under their obligations. I've acknowledged that Mr O provided this information, and I'm satisfied that HSBC reviewed it and continued with their review up until March 2021.

Based on the information I've received, it appears that HSBC weren't satisfied with the information Mr O provided and required additional information from him to satisfy the review fully. While HSBC are entitled to carry out a review, we'd expect them to do so in a timely manner and without undue delay. I'm aware HSBC contacted Mr O in 2022, after involvement from our service, and additional information was provided. Following that, the block was removed in February 2022. Having considered this, while I'm satisfied the additional information was warranted, I consider HSBC caused unnecessary delays between March 2021 and February 2022.

I don't doubt this overall situation had a huge impact on Mr O; especially during an already stressful time of a house purchase. I've carefully considered the impact and financial losses Mr O has commented on.

While I understand Mr O's reasoning behind the additional months' rent, I can't fairly hold HSBC responsible for that. I say that because the further months' rent was the months prior to March 2021 – and I've explained above why I'm satisfied with HSBC's actions up until

March 2021. Similarly, Mr O said he had to book a return flight to be able to attend a branch in the UK to sort out the issue. However, this event also took place before March 2021 and therefore it wouldn't be appropriate for me to ask HSBC to cover these costs during the time their actions were wholly appropriate.

Mr O has since provided additional evidence regarding the loan he took out to complete the property purchase. I've also seen evidence to show that the property completed before March 2021. While I'm pleased to see Mr O took it upon himself to borrow this money and mitigate further losses by potentially losing the property, I don't consider HSBC were unfair in blocking the transaction, and the account when they did. I'm also satisfied they actively reviewed the account from January 2021 when they first applied the block, up to March 2021, when it appears HSBC's activity stopped. So even if the delays didn't occur and HSBC asked for additional information and unblocked the account in March 2021, Mr O would have still found himself needing to borrow the loan money. Therefore, it wouldn't be fair for me to uphold the complaint on this part, as I haven't seen anything to persuade me that HSBC's actions were unreasonable at the time Mr O took out the loan.

Overall, I'm satisfied with HSBC's actions between January 2021 and March 2021 and therefore can't fairly uphold the complaint on any financial impact or inconvenience during this time. However, I do consider HSBC caused unnecessary delays, and therefore inconvenience, from March 2021 onwards so I think appropriate compensation needs to be paid to Mr O and the loss of use of the funds needs to be recognised.

### **Putting things right**

As HSBC caused unnecessary delays, I consider they should recognise the time Mr O was without his money and pay 8% simple interest to recognise this loss. Our service uses the 8% simple interest amount as this also reflects the current statutory interest rate on judgment debts and therefore, I consider it to be the fairest in the circumstances. HSBC should pay this amount from 5 March 2021 (the date their investigation ceased) up until the date the block was removed – 15 February 2022.

I also consider £500 compensation is a fair amount to recognise the distress and inconvenience caused.

### **My final decision**

For the reasons I've explained above, I uphold this complaint. To put things right, HSBC UK Bank Plc should:

- Pay interest at 8% simple per year on the amount they withheld from Mr O. They should calculate this from the date the delays started - 5 March 2021 – up to the date they removed the block – 15 February 2022.
- Pay Mr O £500 compensation for the inconvenience caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 6 September 2022.

Hayley West  
**Ombudsman**