

The complaint

Company A complains about HSBC's decision to review and block its account.

What happened

In August 2020, company A sold goods to a third-party customer for around £3,800. The money was transferred to company A's account, and the goods were delivered the next day. On 5 September 2020, HSBC received an alert from the third-party bank saying their customer hadn't received the goods. So, HSBC blocked company A's account to carry out a review.

HSBC asked company A to provide evidence relating to the sale and delivery of the goods. Mr I, on company A's behalf, provided evidence on 9 September 2020 and further evidence on 29 September 2020.

HSBC didn't think the evidence Mr I provided was sufficient, so company A's account remained blocked. In January 2021, HSBC removed the block from company A's account. Mr I said the time the account was blocked caused company A to lose out on sales, and meant it couldn't pay its salaries or bills. Mr I, as an individual, said he spent hours in the branch and on telephone calls trying to sort out the issues.

Our investigator reviewed things and thought the complaint should be upheld. She said that based on the evidence company A had provided, it was reasonable to assume the goods had been delivered – and it seemed the dispute was regarding the quality of the goods. Because of that, our investigator thought it was reasonable for HSBC to have removed the block on 29 September 2020 – when the final piece of evidence to show the goods were delivered was supplied by company A. She asked HSBC to pay £200 compensation. HSBC accepted our investigator's recommendations – but company A didn't. In summary, it thought it was entitled to more as it had lost significant money. Company A wanted compensation nearer to £10,000 to fairly reflect the financial loss and inconvenience to it.

As an agreement couldn't be reached, the complaint was passed to me.

In July 2021, I issued a provisional decision. In it, I said;

HSBC are strictly regulated and must take certain actions in order to meet their legal and regulatory obligations. The terms of the account also allow HSBC to take actions such as restricting the account if they become aware it was as a result of fraud. Due to the notification HSBC received from the third-party bank, I consider they were entitled to block the account while they carried out a review.

I'm pleased to see HSBC asked company A for evidence of the sale so they could investigate things fully; and I'm pleased company A collaborated with their request for further information. Company A provided evidence to HSBC in September 2020. 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 reviewed things and didn't think the evidence company A provided was sufficient; and the account remained blocked until January 2021. I haven't

seen any evidence to satisfy me of the actions HSBC took between September 2020 and January 2021 and therefore I consider there were unreasonable delays on HSBC's part.

Mr I, on behalf of company A, has sent our service the documentation he sent to HSBC. I'm satisfied, based on what Mr I sent us, that what company A provided shows the goods were delivered. I'm not satisfied of the reasons HSBC provided as to why they didn't feel the evidence showed the goods were delivered. And if they needed additional information from company A, I'd have expected them to be more proactive and be in touch with Mr I with details of the further information which was outstanding.

I don't doubt being without its money for four months would have had a significant impact on company A's business. Especially as it has explained that September is usually a busy month because of the industry it operates in. However, I haven't seen any evidence of the financial impact and therefore I can't reasonably ask HSBC to pay company A £10,000 as it has requested.

I do however consider that HSBC should pay interest on the amount which was withheld from company A. I find HSBC's actions to be reasonable with the initial block and review, but I consider after the final piece of evidence was received on 29 September 2020, they should have released the account and the money in it. I also consider a compensation payment of £200 should be paid to company A to recognise the inconvenience.

I've thought about the time Mr I as an individual spent trying to resolve things, but as company A is HSBC's customer, I can't consider any impact to Mr I – because he is a separate legal entity to company A. So, while I'm sorry to hear of the impact this has on Mr I as an individual, it wouldn't be appropriate for me to comment on, or make an award because of it.

So, I thought HSBC should pay company A £200 compensation and 8% interest on the amount they withheld from it.

HSBC responded to my provisional decision and agreed with it. Company A didn't respond.

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.

As neither party presented any additional evidence or arguments, I see no reason to depart from my provisional findings.

In summary, I consider HSBC were entitled to block company A's account and carry out a review. However, I do find they caused unnecessary delays and therefore think they need to do something to put things right.

Putting things right

I consider HSBC should pay 8% simple interest on the amount they withheld from company A and they should pay £200 compensation to recognise the distress and inconvenience caused.

My final decision

For the reasons explained above, and in my provisional decision, 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 company A. They should calculate this from the date they received enough information to evidence the goods were delivered (29 September 2020) up to the date company A had access to the money.
- HM Revenue & Customs requires HSBC to withhold income tax from the above-mentioned interest. HSBC should give company A a certificate showing how much tax is taken off if it asks for one.
- Pay £200 compensation for the inconvenience caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask A to accept or reject my decision before 15 September 2022.

Hayley West
Ombudsman