

The complaint

O complains about the delay with HSBC returning the money held in its account after it was closed.

What happened

O held an account with HSBC. HSBC closed O's account in 2019 and sent a cheque in the name of O for the money which was left in it. As O didn't have an alternative account, it couldn't cash the cheque and therefore, couldn't access its money.

In February 2020, O applied for a new account with HSBC, but HSBC declined the application.

In March 2021, O contacted HSBC and asked for the funds to be paid into its new business account with a third-party bank. HSBC sent O a cheque on 24 May 2021.

O complained to our service about the time it took HSBC to give it access to its money. It thought over two years withholding the funds was excessive. Through our service, HSBC offered O £100 compensation for the delays in sending out the cheque, but O declined. In summary, O said:

- The money withheld could have been used to generate income – and the shareholder has had to invest in the business through a loan which has interest payable.
- The director has spent significant time on trying to resolve this issue and HSBC ignored the communication.
- HSBC took over two months to issue another cheque once O had opened a new account.

HSBC made a counteroffer of £300 compensation. Our investigator endorsed the offer explaining that she couldn't consider the inconvenience to O's director because that individual is a separate legal entity to O. And no further evidence of losses had been provided and therefore our investigator thought £300 was reasonable in the circumstances.

O asked for an ombudsman to review things, so the complaint was passed to me.

In August 2022, I issued a provisional decision. In it, I said:

The closure and reasons

HSBC, like all UK banks, 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 relationships they hold with their customers.

I'm aware HSBC asked O for information and O didn't respond to the information request as it was unaware that a letter had been sent due to receiving numerous correspondence from

HSBC in the form of statements. I appreciate O feels HSBC should have made numerous contact attempts – including through telephone, email or online banking – but they're not obliged to. Banks sometimes choose to end their relationship, and this can be for a number of reasons. In the circumstances of this complaint, I don't think HSBC made an unfair decision – and I'm satisfied they complied with the terms of the account – so I won't be asking them to do anything differently.

I'm also satisfied it is up to HSBC who they want as their customers – and therefore they were entitled to decline O's new account with them in February 2020.

The funds being returned

HSBC sent a cheque to O for the money left in the account at the same time they closed it. It's unfortunate O wasn't able to cash this cheque due to not having an account open with another bank at the time and I've no doubt this caused significant issues as O couldn't access its own money. I've thought very carefully about this, but I can't fairly hold HSBC responsible for that. HSBC could only reasonably send a cheque to O as the account was in the name of O – therefore nobody else – including O's personal director(s) – were entitled to the money.

I'm aware O opened a new account in March 2021 and asked HSBC to send a bank transfer to its new account. I haven't seen anything to suggest O struggled to open an account because of HSBC's actions. I therefore can't reasonably uphold this complaint for the full extent of what O is asking for, because I can't hold HSBC responsible for the delays in O receiving the money between the closure and the time it opened a new account.

When O asked HSBC to send a transfer to the new account, I'd expect HSBC to have done this without any delays. I'm aware O received the money in May 2021 and therefore I do feel there has been a delay in O receiving the funds which is the fault of HSBC.

So, I thought HSBC should recognise the time O was without its money by adding 8% simple interest and pay £300 compensation.

O, or its representative didn't respond to my provisional decision. HSBC accepted, and agreed with it.

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 initial findings.

Putting things right

In summary, HSBC admitted the delay in releasing the funds to O was an error and therefore they should pay 8% simple interest to recognise the 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 the date O asked for the money to be released – March 2021 – up to the date they sent the transfer.

I also believe the offer of £300 compensation is fair and won't ask HSBC to increase their offer of settlement for the distress and inconvenience caused. If they haven't paid this yet to

O, they should honour the offer.

My final decision

For the reasons explained in my provisional decision, and 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 O. They should calculate this from the date they received the request to make a transfer to O's new account up to the date O had access to the money.
- Pay £300 compensation for the inconvenience caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask O to accept or reject my decision before 11 October 2022.

Hayley West
Ombudsman