

The complaint

Mr B complains that HSBC UK Bank Plc restricted and closed a basic bank account.

What happened

Mr B had a basic bank account with HSBC. In October 2021, he received a payment of £500 into the account. But HSBC says it received a scam allegation against this credit, so it blocked his account and wrote to Mr B in November asking him to visit a branch with evidence about the payment.

Mr B provided some evidence and HSBC completed its review. It decided to close his account – and wrote to Mr B on 2 December 2021 saying his account would be closed with immediate effect.

Mr B was unhappy that HSBC had restricted his account. In particular, he was unhappy that HSBC hadn't shared details of the allegation with him. He says he needed this information so he could follow it up. He also says HSBC incorrectly stated it had tried to contact him before it first wrote to him. He complained to HSBC and referred the complaint to us.

I issued my provisional findings on this complaint on 1 December 2022. I said that based on what I'd seen, the complaint should be upheld and HSBC should pay Mr B £300 for the trouble and upset it caused.

I said that the account was a basic account. So HSBC could only close the account for one of the reasons listed in the Payment Account Regulations 2015. Among other things, this included where the consumer has knowingly used the account for illegal purposes, or where the conduct of the consumer in relation to the bank's staff would amount to harassment or public order offences.

Mr B said he wasn't unhappy with the closure of his account as such. But he did say he was unhappy that HSBC nevertheless went on to close his account even though he'd provided some information. So while I wasn't going to consider whether HSBC should now re-open Mr B's account – Mr B didn't want this – I took into account HSBC's decision to close the account as part of the wider circumstances of Mr B's complaint.

With all this in mind, I considered what had happened.

HSBC had said it received an allegation of a scam from another bank. I accepted that HSBC may have been entitled to close the account if it concluded that Mr B was willingly involved in a scam. The terms and conditions of the account also allowed HSBC to ask Mr B for information and said it could block the account if Mr B didn't provide this information or if HSBC suspected fraudulent or criminal activity. So I didn't think it was necessarily unreasonable for HSBC to have blocked the account while it looked into things.

I acknowledged that Mr B wanted to see a copy of the report HSBC had received. But HSBC was under no obligation to share this with Mr B and nor would it be appropriate for me to do so.

That said, what I'd seen didn't suggest there was a scam. The payment was made by a customer of Mr B's business and appeared on Mr B's statements with the reference "house move". Mr B told us that he'd agreed to move some furniture for his customer, and had provided messages from an online instant messaging platform discussing the move. There didn't appear to be any dispute that Mr B had provided the removal services in question – the dispute appeared to relate to the quality of the service.

I concluded that, based on what Mr B and HSBC had said, this appeared to be a civil dispute between Mr B and a customer.

I'd also thought about the phone calls. HSBC had told us that the reasons it closed Mr B's account included his conduct on the phone. Mr B accepts he was quite upset – and listening to the calls I noted that Mr B was persistent and continued to contact HSBC every day even after HSBC told him it might be a few days before it completed its review. He repeatedly asked for a manager to call him, even after a member of HSBC's team told him she couldn't promise this would happen. Finally, I note that Mr B used unacceptable language at the end of one of the calls.

I recognised that Mr B found things frustrating. But I could also see why HSBC found his conduct unacceptable.

Finally, Mr B was unhappy because he says HSBC lied to him – he said HSBC said it tried to contact him before restricting his account, but it hadn't. HSBC told us it uses template letters – and the template it used said HSBC had contacted him even though, in Mr B's case, it hadn't. Based on what I'd seen, I didn't think HSBC had deliberately set out to mislead Mr B – but it was equally clear that the letter HSBC sent was incorrect.

Thinking about all of this, I concluded that:

- HSBC was acting in line with its legal and regulatory obligations – and the terms and conditions of the account – when it initially investigated Mr B's account.
- The review was completed within five days. Given HSBC had received a report, I thought it would need some time to look into things. I didn't think it was unreasonable for HSBC to have asked Mr B for information to explain what had happened. And while I appreciated Mr B thinks HSBC could have completed the review quicker, he was told things might take a few days.
- That said, I wasn't persuaded the information HSBC received suggested this was more than a civil dispute between Mr B and his customer. Given this was a basic account, I didn't think HSBC had grounds to close the account immediately. And while I acknowledged that some of Mr B's conduct during the phone calls wasn't reasonable the bar to close basic bank accounts immediately is a high one.
- Finally, some of the information HSBC sent Mr B was incorrect – and HSBC accepts this was incorrect. I can see this contributed to Mr B's distress.

Thinking about everything, I thought HSBC should pay Mr B £300 for the trouble and upset it caused.

I said I'd consider any further comments I received by 29 December 2022.

HSBC didn't respond. Mr B has replied to say that he thinks he should get more.

I've therefore reviewed the complaint afresh.

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.

HSBC hasn't sent me anything further to consider.

Mr B has got in touch to say he wants more compensation. He doesn't think £300 reflects the stress and inconvenience he suffered. He says that, based on the published information on our website, he should get £5,000. He also highlights that HSBC gave him incorrect information about the reason it suspended his account – and thinks this means he should get more compensation.

I've carefully considered the points Mr B has raised. But I'm not persuaded to award more.

Where I award compensation for distress or inconvenience this isn't to punish the business but to reflect the impact its actions had on Mr B.

I don't doubt that Mr B found what happened upsetting. But HSBC had received a report about this payment from another bank, and I've concluded that HSBC was within its rights to suspend his account while it looked into things. Even if things had happened as they should have done, I think it's most likely that HSBC would still have restricted Mr B's account and it would still have taken a few days for it to sort things out. Mr B would still have experienced some degree of distress.

I acknowledge that HSBC gave Mr B some incorrect information about why it had blocked his account. I accept that this has contributed to the impact HSBC's actions had on Mr B – but can't see this changed Mr B's position beyond this. Regardless of the reason included in its template letter, I'm satisfied that HSBC would still have restricted Mr B's account.

As I've already explained, HSBC were under no obligation to tell Mr B why they'd restricted his account. I appreciate Mr B would like to know more. But when HSBC restricts an account in these circumstances it doesn't need to give reasons – and nor would it be appropriate for me to tell HSBC to share its reasons.

Mr B says his unacceptable conduct on the phone is a sign of how distressing he found things. He also said that he had to repeatedly contact HSBC to find out what had happened. But listening to the calls I think HSBC made it clear that Mr B might need to wait a few days before they'd know the outcome. And, as I've said, I can see why HSBC found his conduct unacceptable.

Mr B says he should receive significantly more compensation as the allegation HSBC received was false – and because HSBC both sided with that report and made what he feels are serious allegations of wrongdoing against him. He feels he's been treated like a criminal. I recognise Mr B's strength of feeling about this. But I'm not persuaded that this means Mr B should get more. I'm not satisfied that HSBC had grounds to immediately close the account – and this caused Mr B distress and the inconvenience of having to rearrange his banking and direct debits. But I'm not persuaded it had a significant or ongoing impact on Mr B beyond that.

Finally, I think some of the inconvenience would have been a result of the third-party bank making the report to HSBC. I can't hold HSBC responsible for that.

With this in mind I reach the same overall conclusions as in my provisional decision for the same reasons.

Putting things right

HSBC should pay Mr B £300 for the trouble and upset it caused..

My final decision

For the reasons above, I uphold this complaint. My final decision is that HSBC UK Bank Plc should pay Mr B £300 for the trouble and upset it caused. I make no further award.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 26 January 2023.

Rebecca Hardman
Ombudsman