

The complaint

Mr K complains that HSBC UK Bank Plc (“HSBC”) closed his account without informing him. Mr K says he was given incorrect information several times when trying to keep his account open.

What happened

Mr K opened an account with HSBC in 2002 when working in the UK but has been living abroad for a number of years. The account had been dormant for more than 15 years and had a credit balance of £14,041.01.

The terms and conditions of the account allow HSBC to close accounts where there haven't been any transactions on the account for more than 24 months providing at least two months' notice is given or if the customer is no longer resident in the UK.

HSBC sent Mr K a letter on 8 June 2021 stating that as he hadn't used the account for over 15 years it had frozen his account to prevent any transactions being made to protect him from fraud and financial crime. The letter goes on to explain the account would be closed in two months' time and that HSBC takes part in the Dormant Accounts Scheme where HSBC may transfer the balance of the dormant account to Reclaim Fund Limited (“RFL”) a not for profit organisation. Under the terms of the scheme Mr K would have the right to reclaim his money at any time and that HSBC would remain responsible for handling all repayments claims on behalf of RFL.

The letter advised that Mr K needed to take immediate action and to call HSBC if he wants to be reunited with his money.

On receipt of the letter Mr K got in touch with HSBC in August 2021 regarding keeping the account opened. It's not disputed that from this point Mr K was given some incorrect and inconsistent information over a number of communications regarding what identity documentation was needed to keep the account open and the status of the account.

This advice included:

- HSBC telling Mr K it had the correct identification but then that his passport had expired;
- that his account was still active and could still be used; and
- failing to advise that the documents HSBC had requested had to be translated into English or translated by an official translator.

Mr K's account was closed on 6 September 2021.

One of our adjudicators looked into Mr K's concerns and reached the conclusion that HSBC was entitled to close Mr K's account – it being a commercial decision a bank is entitled to take but the information it had provided to Mr K wasn't correct and didn't think it would be fair for HSBC to hold onto Mr K's outstanding balance indefinitely. They thought HSBC should

return the balance to Mr K on the closed account and pay him £150 in compensation for the distress and inconvenience caused.

HSBC agreed to settle the complaint in line with our adjudicator's recommendations on the condition Mr K provided an up to date copy of identification. But Mr K didn't agree he wants £500 compensation and has asked for an ombudsman's decision on the matter.

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.

Having considered everything provided, I've decided to partially uphold Mr K's complaint. I'll explain why in a little more detail.

It might help for me to start by explaining that where a business accepts (or we decide) it did something wrong, we'd expect the business to put the consumer in the position they would be in if that wrong hadn't taken place. And we *may* award modest compensation.

So firstly, I need to consider whether HSBC did anything wrong in closing Mr K's account or in the processes it followed when doing this.

As has already been explained by our adjudicator as a general rule HSBC isn't obliged to continue offering an account to a customer if it doesn't want to and it doesn't have to give a reason – providing banking facilities and to who is a commercial decision and not something for me to get involved with.

That being said it wouldn't be fair for HSBC to close Mr K's account outside the terms and conditions of the account or without reasonable notice.

The terms and conditions of the account say that HSBC is able to close accounts where there haven't been any transactions on the account for more than 24 months or if the customer is no longer a resident in the UK providing at least two months' notice is given. Mr K's account had been dormant for 15 years and HSBC sent Mr K a letter on 8 June 2021 which among other things told him that the account would be closed in two months' time.

So I'm in agreement with our adjudicator here and I'm satisfied HSBC made no mistake and was entitled to close Mr K's account as it was dormant, Mr K was no longer living in the UK and HSBC gave Mr K the required notice under the terms and conditions of the account.

However, although I don't think HSBC made a mistake in closing Mr K's account, that is not to say it didn't make any mistakes along the way.

HSBC has already acknowledged there was some incorrect information given to Mr K during the process and agreed to pay Mr K £150 compensation for this in line with our adjudicators recommendations and that it would release Mr K's funds on the receipt of identity documentation.

The incorrect information was given to Mr K over a series of phone calls and related to the identity documentation HSBC needed from Mr K to keep his account open and the status of his account. I accept that this mis-information has no doubt caused Mr K some frustration and inconvenience and that Mr K should be awarded some compensation for this. But I haven't been given enough information to show me that this warrants compensation of £500. So on that basis I think what HSBC has already agreed to do is a fair and reasonable way to settle Mr K's complaint and I'm not going to ask it to do anything more.

So it follows that I don't think HSBC made a mistake in closing Mr K's account but I think HSBC should compensate Mr K £150 for the incorrect advice given to him around this and that HSBC should release the funds it holds from Mr K's closed bank account on receipt of Mr K's identity documentation.

My final decision

For the reasons I've explained I partially uphold Mr K's complaint and direct HSBC UK Bank Plc pay the fair compensation of £150 and release the funds it holds on Mr K's behalf.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 13 January 2023.

Caroline Davies
Ombudsman