

The complaint

A charity which I'll call 'R' complains that HSBC UK Bank Plc treated them unfairly by not closing their bank account as requested.

The complaint is brought on R's behalf by one of their trustee's, Mr K.

What happened

R told us:

- In December 2021, they asked HSBC to close their account and transfer the outstanding balance to their new account with another bank which I'll call 'B'.
- HSBC said it couldn't do this as the letters it received from R had only been signed by one signatory and the bank's process required two – but it sent the letter to the wrong addressee.
- R had written to HSBC on several occasions and called the bank to confirm they wanted the funds released (as requested by the bank) but it still hasn't happened.
- A final letter was sent to HSBC in February 2022 which had been signed by two of R's signatories. R requested that a complaint be raised and again that the account should be closed, and the balance transferred - but the account has remained open with charges continuing to be incurred.
- R wasn't aware there was an issue with the account name not being an exact match for the account details they'd provided (R's number four account) to what B held on its system (R's account) until this service has made them aware. They haven't received any notification of this from the bank.

HSBC told us:

- It couldn't process R's account closure initially as the request had only been signed by one signatory initially. Then when it did receive the correctly signed request, the bank details for the transfer were incorrect.
- It had asked R to confirm the correct bank details in February 2022, but they hadn't been received when the complaint was raised with this service in March.
- It acknowledged that it hadn't processed R's account closure request in a timely manner once the correctly signed request had been received. So, it paid R £100 compensation to cover the inconvenience caused and any fees the charity had incurred.

Our investigator recommended the complaint be upheld. She thought R had provided HSBC with all the information required to complete the account closure in February, but this hadn't

been actioned. She also thought it was reasonable for R to be continuing to use the HSBC account as its funds hadn't been transferred as requested. She said that HSBC hadn't attempted to transfer R's money by any other means so it should arrange for the transfer immediately and refund R the fees that they had incurred on the HSBC account since February 2022.

R agreed with the investigator's opinion, but HSBC didn't respond. So the case was passed to me to decide.

I issued a provisional decision on 7 December 2022. I said the following:

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Having done so, I've decided to uphold it in part. There isn't much more that I can add in addition to what our investigator has already said.

R initially thought that they only needed to provide authorisation from one signatory to close their account. However, our investigator has confirmed that HSBC's process was that it required the authority of two signatories to close the account. R has accepted that was the case and this is no longer in dispute, so what I need to consider now is whether HSBC treated R fairly once it received the correctly signed authority. Based on the evidence provided by both parties, I don't think it did. I'll explain why.

R says it sent numerous letters to the bank from 8 December 2021 onwards which they didn't receive a response to. HSBC said it didn't receive some of these letters, but the bank did accept that it had received the request of 8 December, and that it had taken too long to process R's request when it had responded on 31 January. HSBC said its timescales for an account closure should be around 10 days, so it awarded £100 compensation for the inconvenience and fees that R had incurred from the delay. I think this was reasonable.

When HSBC contacted R on 31 January 2022, the bank said that two signatures were required to close their account, and I can see that R replied on 9 February with the required authority and confirmation of their new account details. So I think from this date, HSBC had sufficient information to proceed with the transfer.

However, HSBC told us that on 23 February, it sent an email to R explaining that the account details they'd provided couldn't be confirmed by B - so the charity needed to provide the correct details. But I'm not persuaded that the email was sent by HSBC as R has no record of the email being received and despite several requests the bank hasn't provided any proof that the email was sent, or who it was sent to.

Given R's repeated requests to close the account as a matter of urgency, and the prompt response to previous correspondence from the bank, I think if the trustees had received this email, they would have responded to it in the same way they had previously. I also think it's worth noting here that all other correspondence sent by HSBC to R was by letter and the bank hasn't explained why only this particular information request was sent in a different way.

HSBC said that it couldn't process R's account closure as the details R provided for it to transfer the account balance didn't match the account name held by B. I think it was reasonable for HSBC to be concerned that the account name wasn't an exact

match, and therefore want confirm the funds were being transferred to the correct payee. However R told us that one of the trustees confirmed the information over the phone with HSBC – as requested by the bank in their letter of 14 February. But the closure still didn't take place and as far R was aware from this date there wasn't anything outstanding from them for the bank to proceed.

HSBC says that there hasn't been a bank error as it contacted R to request the correct account information and R has continued to use the account. But I don't agree. HSBC's actions meant R didn't have any choice but to use this account as the bank hadn't made the transfer request as instructed - and R weren't aware there was outstanding information needed from them for their request to be processed.

I've seen that our investigator has repeatedly asked HSBC what it requires to proceed with the account closure since 24 June 2022 or if it would be prepared to issue a cheque to R instead. However, the bank hasn't responded to these requests or looked to assist R in any way. This means that R has continued to incur charges from HSBC as well as B and been caused inconvenience. R has already told the bank that its actions are preventing the charity from carrying out its functions.

So based on what I've seen, I don't think HSBC has treated R fairly and I think the bank should refund any charges which have been applied to R's account since February 2022 and arrange for account closure and transfer of funds to the account details provided by R. I also think HSBC has caused further inconvenience to R by not responding to this service's requests for information for over five months. Therefore in line with DISP 3.5.14, I think HSBC should pay R a further £250 compensation in addition to the £100 it has already paid.

I invited R and HSBC to give me any more evidence and information they wanted me to consider before issuing my final decision. R accepted the decision and had nothing further to add other than they had authority to sign cheques with one signatory. HSBC didn't say whether it agreed or disagreed with the decision.

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.

I acknowledge R's comments about only requiring one signatory to sign cheques. However, as I have explained, it is HSBC's process that it requires two signatories to close an account – and this is a commercial decision it is able to make. Signing authority under a mandate is a different process and this can be decided by a customer itself. These processes are not inter-changeable, so I don't think HSBC did anything wrong by declining R's account closure request which was only signed by one signatory.

Therefore, as R has said it accepts the decision and HSBC hasn't responded with any further information, I see no reason to reach a different conclusion to my provisional decision. So this final decision confirms the findings set out in my provisional decision.

My final decision

My final decision is that I uphold this complaint in part. I instruct HSBC UK Bank Plc to do the following:

- Issue a cheque to R for the funds held in the charities account and then close it.

- Refund any fees that R has incurred on their account since February 2022; and
Pay R a further £250 for the inconvenience caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask R to accept or reject my decision before 20 January 2023.

Jenny Lomax
Ombudsman