

## **The complaint**

Mr S complains that HSBC UK Bank Plc didn't tell him a transaction he had set up on his Flexi loan account wouldn't happen due to his account being closed.

## **What happened**

Mr S had a Flexi loan account with HSBC. In mid-August 2022 he scheduled a transfer of £2,000 from his Flexi loan account to his current account to take place on 31 August. He checked that the transaction was set up correctly. He then received a letter dated 23 August 2022 saying his Flexi loan account would be closed in two months' time. However, as his scheduled payment was within that period, he didn't think this would be an issue and when he checked online his transaction was still set up. On 2 September Mr S realised the transaction hadn't taken place and contacted HSBC. He says he was told his account had been made dormant and nothing could be done. Mr S says this issue caused him a lot of stress and inconvenience. He wants his Flexi loan account reinstated, an apology and compensation for the stress the issue has caused.

HSBC issued final response dated October 2022. It said that it was required to undertake reviews of its accounts to ensure the products are still appropriate to its customer's needs. It said it could decide to close lending facilities at any time where reviews such as these indicated it might be necessary. It said it sent Mr S notification of the closure on 23 August 2022.

Our investigator upheld this complaint. They recommended that HSBC pay Mr S £250 for the inconvenience caused. They thought HSBC had acted unfairly by agreeing to Mr S' transaction and then withdrawing the facility without reference to this and didn't think the letter dated 23 August was clear as it made no reference to the scheduled transaction.

Mr S responded to our investigator's view. He said although the account wasn't due for closure for two months his transaction still wasn't honoured. He said that HSBC should put things right by reinstating his Flexi loan account, submitting a full and comprehensive apology and offering meaningful compensation in full recognition for the stress he and his wife had endured due to this issue.

## **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 can understand why Mr S is upset by the experience he has had in regard to his Flexi loan account closure. And in this case, I do not think that HSBC provided the service it should have.

Mr S had had a HSBC Flexi loan account for several years. HSBC has explained that it is required to undertake reviews of its lending products to ensure they are still meeting customer's needs and it is reasonable that Mr S' account was reviewed as part of this process.

It isn't my role to say who HSBC should provide lending facilities to but instead to consider whether HSBC has done anything wrong in the action it has taken or treated Mr S unfairly. In this case Mr S' Flexi loan account hadn't been used for around 24 months and Mr S was sent a letter giving him two months' notice of the closure.

However, before the notice of closure was sent to Mr S, he had set up a transaction to transfer £2,000 to his current account to take place on 31 August. This shows that Mr S had a borrowing need and when he set up the transaction the facility was still available to him. Given the transaction was set up online, had the facility no longer been available to him at that time it would be reasonable to have expected this to have been flagged. However, the transaction was set up and I do not think that HSBC provided the service it should have by allowing the transaction to be set up and then withdrawing the facility.

Mr S was sent notice of his Flexi loan account closure on 23 August but there was no mention of the transaction he had set up. Therefore, I can understand why he expected this transaction to take place and so was surprised in early September when this hadn't happened.

I can understand why this transaction didn't take place as Mr S' account was scheduled for closure, but HSBC didn't tell Mr S that his transaction wouldn't take place. And I can see that Mr S was caused considerable stress and inconvenience by not being made fully aware of the impact on this transaction of the account closure.

I appreciate that Mr S wants his Flexi loan account to be reinstated, however this is a commercial decision for HSBC, and it isn't something I can require it to do. Instead, I have considered the impact not having his transaction actioned has had. I haven't evidence that this issue caused Mr S any financial loss, but I can see it has been upsetting for him and caused him inconvenience in dealing with the issue. Therefore, I agree that compensation should be paid and considering the upset caused I think the £250 recommended by our investigator is reasonable.

### **Putting things right**

HSBC should, as it has agreed, pay Mr S £250 compensation for the upset caused due to not actioning his transaction due to the closure of his Flexi loan account.

### **My final decision**

My final decision is that I uphold this complaint. HSBC UK Bank Plc should take the action set out above in resolution of this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 28 March 2023.

Jane Archer  
**Ombudsman**