

The complaint

Ms L complains that HSBC UK Bank Plc unfairly blocked and closed her account. Ms L says this made things very difficult for her and she wants HSBC to pay her compensation.

What happened

The detailed background to this complaint is well known to both parties. As such, I'll provide only an overview of the most essential facts here.

Ms L had an account with HSBC which she used to pay bills and receive her wages. Ms L also regularly received money from her mother into the account.

In April 2021, Ms L's mother made a payment of £100 into Ms L's account. Following this, HSBC were notified by another bank that the payment was fraudulent. HSBC blocked Ms L's account and wrote to her on 7 May 2021 asking her to visit a branch and tell HSBC what she knew about the £100 payment and to confirm her identity.

On 12 May 2021, Ms L went into a bank branch. She told staff that the money was from her mother, that she regularly received money from her to help out financially and that she could provide her mother's bank statement to show where the money had originated if the bank needed to see evidence to support her explanation. But HSBC didn't take Ms L up on this offer. HSBC completed its review of Ms L's account on 17 May 2021.

On 20 May 2021 HSBC let Ms L know that she could access her salary and any benefits in her account by attending a branch. On 28 May 2021, Ms L went into a branch and withdrew £1,500 from her account. Following this on 4 July 2021, HSBC decided to close Ms L's account and wrote to her to let her know her account would be closed and sent Ms L a cheque for her closing balance on 13 July 2021.

Ms L telephoned HSBC and went into branch to try and find out what was happening with her account and the reasons behind the bank's actions. Miss L explained that she hadn't done anything wrong and that not having access to her account had meant she had trouble paying bills and her mortgage. HSBC didn't provide Ms L with much information and said it hadn't done anything wrong and had acted in line with the terms of the account and relevant regulations when it blocked and closed her account.

Ms L wasn't happy with the bank's response and brought her complaint to this service. Ms L explained that the restrictions on her account had made it very difficult to manage as she used the account for day to day living expenses and says it ruined her son's birthday as she wasn't able to buy things, including a birthday cake for him. She said that she had to borrow money from her partner and relatives to get by. And that the whole experience had been very upsetting and stressful. So, she said HSBC should pay her compensation for the trouble and upset caused by the bank blocking and closing her account.

One of our investigators reviewed the complaint. After looking at everything he wrote to HSBC. He told HSBC that it shouldn't have closed Ms L's account as there wasn't any evidence Ms L had knowingly received fraudulent funds into her account. He provided the

bank with Ms L's mother's bank statement which showed she regularly sent money to Ms L's account. Overall, the investigator said HSBC should've carried out a better investigation and completed its review quicker.

HSBC accepted what the investigator said. It agreed that it shouldn't have closed Ms L's account and should have looked at the information Ms L was willing to provide. It offered to reopen Ms L's account. HSBC also offered Ms L £200 compensation for the trouble and upset caused by the time taken to complete its review and closing the account.

The investigator said HSBC's offer was fair. In reaching this conclusion he said that whilst Ms L's account had been blocked, she had been able to access some of the money in her account by going into a branch.

Ms L disagreed. She said that she had managed to open another account, but the compensation offered didn't adequately reflect the amount of upset she'd been caused. She said that she felt HSBC had discriminated against her when it closed her account. And asked for an ombudsman to review her complaint. So, the complaint has come to me to decide.

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.

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Firstly, as the investigator has already explained, HSBC has extensive legal and regulatory responsibilities they must meet when providing account services to customers. And to fulfil these obligations they may need to review activity taking place on accounts and ask customers for information, for example about payments, and information about the individuals operating the accounts – it's entitled and obliged to carry out such checks. The terms of Ms L's account also permit HSBC to block and review an account.

Having looked at all the evidence, I don't believe it was unreasonable in the circumstances for HSBC to block Ms L's account. HSBC has explained that this was its standard procedure, and I accept that it was. That's in line with what most banks would do in the same situation – a payment had been made into Ms L's account which didn't appear to have been for her. And it enabled HSBC to consider how best to react to the information it had received from the sending bank about the payment and what Ms L said about it. So, I can't say HSBC did anything wrong when it *initially* blocked Ms L's account.

However, while HSBC are entitled to carry out a review, we'd expect them to do so in a timely manner and without undue delay. I'd also expect the bank to look at any evidence offered or provided by a customer in order to progress its review. HSBC blocked Ms L's account on 7 May 2021 and completed it on 17 May 2021. However, following this, Ms L's account remained blocked until the bank closed the account on 7 July 2021.

I note too that HSBC didn't ask Ms L to provide any supporting information about the payment into her account. Despite her offering to do so when she first visited a branch. HSBC also haven't been able to provide this service with an explanation of what (if anything) it was doing between 17 May 2021 and 7 July 2021. And why it took until 13 July 2021 to release Ms L's funds back to her. This meant Ms L had to wait longer for the bank to release her money.

HSBC has accepted it should have unblocked Ms L's accounts sooner than it did and asked Ms L for the information she offered to provide. It's also accepted that had it obtained and reviewed the information it wouldn't have closed Ms L's account. Having looked at what's happened here I agree with the investigator that HSBC didn't treat Ms L fairly when it closed her account.

When a business makes a mistake that affects a customer, it would be expected that the business puts their customer back in the position that they would be in had the error not occurred. I've considered what Ms L has said about how HSBC's actions impacted her. Based on the evidence I've seen, I've no doubt this was a worrying and upsetting time for Ms L. And I agree some compensation is appropriate for this. I say this because Ms L had to spend time going into branch to access her funds, wait months for her balance to be released, and had to go to the trouble of opening a new bank account. So, I can appreciate this would've been inconvenient and upsetting for her – especially because at the time it was her son's birthday. And it's only right that HSBC recognises this. However, I'm satisfied that £200 along with 8% interest for loss of use of the money in her account is a fair amount of compensation and proportionate to the trouble and upset Ms L was caused. So, while Ms L may disagree with me, I'm satisfied that the compensation offered recognises the impact HSBC's actions had in the overall circumstances of this complaint.

I understand that Ms L wants HSBC to explain the reason it applied the block to her account in the first place. And I can see that Ms L asked HSBC to explain itself on several occasions. But HSBC doesn't disclose to its customers what triggers a review of their accounts. And it's under no obligation to tell Ms L the reasons behind the account review and block, as much as she'd like to know. So, I can't say it's done anything wrong by not giving Ms L this information. And it wouldn't be appropriate for me to require it to do so.

Ms L has also said that she feels HSBC discriminated against her when they closed her account. While I can appreciate this is her perspective, it is not my role to decide whether discrimination has taken place – only the courts have the power to decide this. I have, however, considered the relevant law in relation to what Ms L has said when deciding what I think is the fair and reasonable outcome. Part of this has meant considering the provisions of The Equality Act 2010 (The Act). And after looking at all the evidence, I've not seen anything to suggest that this was the case. So, I haven't found that HSBC decided to close the account for an improper reason.

In summary, it's clearly caused Ms L trouble and upset when she wasn't able to use her account properly and HSBC closed it. And I appreciate it must have been a worrying time for her. So, I realise she will be disappointed by my decision. But having looked at all the evidence and circumstances of this complaint, I haven't found grounds to increase the level of compensation. I'm satisfied that £200 compensation along with 8% simple interest on Ms L's balance is fair and reasonable. So, I won't be telling HSBC to do anything else to resolve this complaint.

My final decision

For the reasons I've explained, my final decision that I uphold this complaint. To put things right HSBC Bank PLC must do the following:

- pay Ms L £200 compensation for the trouble and upset caused by the time taken for HSBC to complete its review of their accounts, release her funds and wrongly closing her account
- calculate interest at 8% simple per year on the balance of Ms L's account. HSBC

should calculate this from 11 May 2021 up to the date they refunded Ms L's balance.

- HM Revenue & Customs requires HSBC UK Bank Plc to withhold income tax from the above-mentioned interest. HSBC should give Ms L a certificate showing how much is taken off if Ms L asks for one.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms L to accept or reject my decision before 13 April 2023.

Sharon Kerrison
Ombudsman