

The complaint

A company I'll call H complains that HSBC UK Bank PLC (HSBC) closed its account without notice and without explaining why.

H is represented by its director, Mr S.

What happened

On 1 December 2022, HSBC issued a letter to H saying that it had decided to close H's account with immediate effect. It said it had made its decision in accordance with its terms of business, but didn't explain itself further.

Mr S complained, saying he wanted the account to remain open. But HSBC didn't agree, so Mr S brought the complaint to our service. Mr S also complained about HSBC's decision to decline a loan application from H, but that complaint has been addressed separately so I will focus solely on the account closure.

Our Investigator looked at H's complaint, but she didn't uphold it. She was satisfied HSBC had complied with its terms of business and didn't need to give further notice.

Mr S didn't agree with our Investigator, so he asked for an Ombudsman to review the matter 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.

Firstly, I should say that I'm aware I've summarised the events of this complaint in far less detail than the parties, and that I've done so using my own words. The reason for this is that I've focussed on what I think are the key issues here, which our rules allow me to do.

This approach simply reflects the informal nature of our service as a free alternative to the courts. And I'm satisfied I don't need to comment on every individual argument to be able to reach what I think is the right outcome in this case. So, if there's something I've not mentioned, it isn't because I've ignored it, and I must stress that I've considered everything both Mr S and HSBC have said, before reaching my decision.

A bank is entitled to close an account with a customer, so long as it does so in a way that complies with the terms and conditions of the customer's account. The terms of business that governed the relationship between HSBC and H provide for the circumstances in which HSBC can end its relationship with H. It says HSBC can do so by providing advance notice, or without notice in certain circumstances.

HSBC issued its notice to close on 1 December 2022, stating that H's account had been closed with immediate effect. HSBC isn't obliged to disclose the reasons for its decision to Mr S, so I can't reasonably tell it to do so, given that it doesn't want to. And, having reviewed the evidence HSBC has provided our service to demonstrate it acted in line with its terms of

business, I'm satisfied it was entitled to close H's accounts, and that it didn't need to give advance warning before it did so. So I can't say that it treated H unfairly, or that it should have given notice of the closure.

I don't underestimate the impact this had on H, and I'm grateful to Mr S for sharing full details of the situation he was put in. But I can't ask HSBC to compensate H in circumstances where it took actions it was perfectly entitled to take.

My final decision

For the reasons I've set out above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask H to accept or reject my decision before 13 June 2024.

Alex Brooke-Smith
Ombudsman