

The complaint

Mr T complains that HSBC UK Bank Plc blocked access to funds which had been paid into his current account, causing him significant stress and financial loss.

What happened

Mr T lives in the USA, he holds a current account with HSBC. He stopped using this account in June 2018, and in August 2020 a dormancy marker was added to the account. Significant funds were then paid into the account from UK pensions.

In August 2021 Mr T needed access to these funds as he was intending to purchase a property. It took around two months for the dormancy marker to be removed from Mr T's account so that he could begin to transfer the funds out. Several of his transfers were then flagged for additional fraud checks.

Mr T says that, because of these delays, he had to pull out of his property purchase, meaning he ended up spending significant funds on temporary housing and storage while arranging a new purchase. HSBC paid Mr T £540 total for any stress caused by the delays, but Mr T feels it should pay significantly more compensation – enough to cover the additional costs he has incurred.

As HSBC could not resolve things to Mr T's satisfaction he referred his complaint to us.

One of our Investigators looked into what had happened. Overall, while she agreed that there had been some delays on HSBC's part, she felt that the offer made was a fair way to resolve Mr T's complaint. Mr T did not agree, so his complaint has been passed to me for a 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.

Having done so I've reached the same decision as our Investigator, and for largely the same reasons. I'll explain why.

Mr T had held this current account with HSBC for several years. On 1 June 2018, he transferred £300 out of the account, leaving a balance of around £250. He then did not use the account again for some time. The terms and conditions of Mr T's account state that HSBC may restrict payments in or out of an account if it is not being used, it says it will do this if an account is unused for between one and two years, but will let customers know if it is going to restrict an account in this way.

On 1 June 2020 HSBC sent a letter to Mr T – via the mailbox in his online banking – explaining that his account had been unused for two years, and could pose a fraud risk. HSBC explained that unless Mr T took action to credit the account or make a transaction before 14 August 2020 then his account would be restricted, and he would be unable to

make transactions or access it via online banking. As no payments were made into or out of the account, the dormancy marker was added to it on 14 August 2020.

This was in line with the terms and conditions of Mr T's account – and is general practice for unused accounts across the banking industry. I appreciate that Mr T says he didn't see the letter HSBC sent to him, but I'm satisfied it was sent to his online banking mailbox, and it was for him to ensure he was checking that mailbox for correspondence. HSBC has shown that the correspondence preference for this account was 'online', and given that this account had been unused for so long – and so was a potential fraud risk – the mailbox was also a much more secure method of correspondence than sending a physical letter in the post.

So with this in mind I'm satisfied it was reasonable for HSBC to place the dormancy marker on Mr T's account.

In November 2020, around three months after the dormancy marker was added, the account began to receive regular credits from Mr T's UK pensions. In total the account received over £140,000 over the next ten months. Mr T has said that as his account was dormant, HSBC should not have allowed these funds to be paid into the account. HSBC has said that it is only customer-initiated transactions that are blocked when an account is dormant, and not payments like BACS payments, as the fraud risk from those is low. I've seen an extract from HSBC's internal dormancy process guidance and that does specify that it is customer-initiated transactions which are blocked.

I appreciate that one of the staff members who wrote to Mr T about his complaint stated that these deposits should not have been allowed on a dormant account, but I'm satisfied that was an error on the part of that individual staff member, who appears to have misinterpreted the guidance. So I'm satisfied that HSBC acted in line with its procedures here. I'm also satisfied that its explanation for why payments into the account were allowed is reasonable in the circumstances. I therefore don't find that HSBC did anything wrong in allowing these payments into Mr T's account.

In August 2021 Mr T was in the process of selling his property and purchasing a new one, so he needed access to the funds in this account. When he couldn't access this account via online banking he got in touch with HSBC and discovered the account had been marked as dormant. In a call on 17 August 2021 HSBC explained to Mr T it would need to see certified copies of documents to prove his identity and address before it could remove the dormancy marker and allow him to transfer the funds out of the account.

Mr T send copies of documents to HSBC on 25 August 2021, but it took until 16 September 2021 for HSBC to confirm that it needed these documents to be certified before it could accept them. At this stage Mr T said he had already decided to pull out of his house purchase as he was concerned he would not have the funds in time and would therefore be at risk of losing his deposit on the property.

Mr T provided the certified copies of the relevant documents on 21 September 2021, and the dormancy maker was removed on 29 September 2021.

I've listened to many of the calls Mr T had with HSBC around this time, and I can appreciate his frustration with the process. I also agree that there was a delay on HSBC's part here. It received the initial documents he sent in August 2021 but took over two weeks to tell him that they needed to be certified. HSBC paid Mr T £500 for any distress and inconvenience caused by this delay, and I think that is fair in the circumstances.

I appreciate Mr T says he had pulled out of his property purchase in the meantime, as he was concerned he would not have the funds in time. But while I can understand why he did

this, it was his decision to do so, and ultimately the dormancy marker was removed from his account before the property purchase was due to complete. So I don't think I can fairly say that HSBC was responsible for Mr T's decision to pull out of the purchase, it follows that I therefore also do not find HSBC responsible for the costs Mr T incurred in housing and storage following that.

Once Mr T's account had been unblocked, he attempted to make a series of payments to an account in his name with a third party that could process the payments into US dollars and send them on to his US bank account. Several of these payments were flagged by HSBC's internal fraud process, meaning that Mr T had to make further phone calls to verify that he had made the payments. I've listened to many of these calls, and again I can entirely understand Mr T's frustration here. But given the nature of the payments, and HSBC's obligations regarding fraud checks, I don't think it was unreasonable for it to ask for additional confirmation that the payments were genuine and that Mr T wasn't at risk of being scammed or defrauded.

I can also see that when payments were flagged, and Mr T got in touch with HSBC to verify them, these payments were released quickly, so I don't consider that HSBC caused any undue delay here.

Mr T has also commented that he was only able to make limited transfers per day, and that is correct, but that's because there are daily limits for different types of transactions. As Mr T lives overseas his options were limited to phone and online payments, and that meant that there were limits to how much he could transfer. I don't though think it is unreasonable for HSBC to have such limits in place, again this is part of its processes to protect against fraud. Nonetheless, HSBC recognised that Mr T had been inconvenienced by this process and paid him £40 to recognise that.

I want to say that I do have real sympathy for Mr T, he has found himself in a very difficult situation and I don't doubt the stress caused by it all. But my role here is to decide if HSBC has made errors that directly impacted Mr T, and as explained above, while I acknowledge that there were points where HSBC could have provided better service, I'm satisfied that it has done enough to recognise the impact of that, and so I won't be asking it to do anything more.

I know this will be disappointing for Mr T, but I hope he will understand the reasons for my decision.

My final decision

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 23 March 2023.

Sophie Mitchell
Ombudsman