

## **The complaint**

H, a limited company complains that HSBC UK Bank Plc (HSBC) mistakenly closed its account, leading to returned payments, loss of reputation and inconvenience.

H is represented in its complaint by a director, Miss F.

## **What happened**

H has a business bank account with HSBC. In 2021, HSBC wrote to H asking it to provide further information as part of a safeguarding review. HSBC didn't receive a reply so it sent a notice of closure. Although H went on to provide the information required, HSBC mistakenly asked for further information. And when HSBC couldn't contact H, it restricted its account before closing it towards the end of April 2022.

Miss F contacted HSBC and it agreed to reverse the closure. This took longer than HSBC said it would, leading to professional embarrassment for Miss F.

While H's bank account was closed, four direct debits went unpaid and several credits didn't reach the account. Although HSBC said that it set the direct debits back up, Miss F says the companies involved had cancelled them so she had to get them reinstated.

HSBC paid H £150 for its customer service failure but Miss F didn't accept this.

The investigator recommended that H's complaint be upheld. She thought that HSBC's payment of £150 was a reasonable amount for HSBC's mistake and poor customer service. But the investigator thought this didn't take account of the impact the account closure had on H.

The investigator thought HSBC should compensate H for the time taken to reinstate payments, missed payments and the time H was without access to its account. The investigator thought £300 was fair and HSBC agreed.

The investigator noted that although Miss F said H had received late payment fees and that this had affected her credit file, she didn't provide evidence of this. The investigator also said that although Miss F says H was declined credit, the investigator couldn't be sure this was because of the problem with H's account.

Finally, Miss F raised concerns about HSBC sending a debit card to an unauthorised party and the difficulties she was having obtaining a new debit card for the account.

Ms F is unhappy with the investigation outcome. She says it doesn't take account of the reputational damage to H, the time she's spent sorting the problem out and the emotional stress.

## **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 realise that I've summarised this complaint in less detail than the parties and I've done so using my own words. I've concentrated on what I consider to be the key issues. The rules that govern this service allow me to do so. But this doesn't mean that I've not considered everything that both parties have given to me.

I'm sorry to hear about the distress Miss F has felt but as the investigator explained, H is a limited company and so its own legal entity. This means I can't consider the stress Miss F has felt personally. I can only consider the impact any mistakes by HSBC have had on H. I should also say that this service isn't a regulator, so my role isn't to punish HSBC for any failings or award compensation to act as a deterrent.

HSBC accepts that the level of customer service it gave to H wasn't up to scratch. As there isn't any dispute that HSBC made a mistake, my decision focusses on whether £300 compensation on top of the £150 already paid, adequately reflects the inconvenience this mistake had on H.

I can see that Miss F had to spend more time than she should have first trying to get the account closure reversed and then setting payments back up again. Miss F also spent time trying to establish how long it would take HSBC to re-open the account so she could let suppliers and clients know.

Miss F wanted us to get a complete chat history from HSBC to help demonstrate how much of her time has been taken up dealing with everything. The investigator did ask HSBC but it says it can only see one chat which it has already given to this service. I don't doubt that Miss F spent time speaking to HSBC online, on the phone and in branch. But this service doesn't generally award compensation on an hourly or daily rate. Instead, I make my award based on the inconvenience and impact the mistake had on H as a limited company.

For these failings, I consider the investigator's suggestion of £300 compensation is fair. It reflects the inconvenience caused to H when Miss F had to speak to HSBC and other parties over a few weeks – which I assume diverted time away from running the business of H.

I think it's reasonable to take HSBC's previous payment of £150 into account when deciding whether the investigator's recommendation to pay an additional £300 compensation is fair. The combined figure of £450 is in the middle of an award this service might make where the business' mistake has caused significant inconvenience and the impact has lasted over weeks or months.

Miss F was understandably concerned about the negative impact the temporary account closure had on H. Although I agree that H has been inconvenienced, I haven't seen enough evidence to persuade me that HSBC's mistakes had a lasting reputational impact on H.

Miss F says that some of H's clients had their services cut off because direct debit payments weren't made. I appreciate this must've been frustrating for H's clients but I don't have evidence to suggest that H lost out as a result, for example because it had to pay additional charges to have the services reinstated. It's also not clear whether the issue with some direct debit payments not being properly reinstated lay with HSBC or the suppliers involved. Again, making it harder for me to decide that my award of compensation should be higher.

Miss F says that her credit rating may have been impacted because of missing a mortgage payment but hasn't given this service evidence of that. However, I'm not sure it would make a difference to my decision because I can only consider the impact HSBC's mistake had on H, not Miss F as director.

Miss F also says that H lost out on finance and had to take out lending on less favourable terms. I'm sorry to hear this but I don't have enough evidence to reasonably conclude that the only or main reason why the lender declined H's finance application was due to the temporary account closure or missed mortgage payment.

Miss F has had difficulty ordering a new debit card as the old one was cancelled when HSBC closed H's account. HSBC says that Miss F will need to complete a new business mandate as the name requested on the card is different. If Miss F encounters further difficulties once she's completed the mandate, she can of course complain to HSBC.

On the point Miss F made about HSBC sending a debit card to a third party without her permission or request from the third party – the investigator has told Miss F that this would have to be a new complaint and I agree. I leave it with Miss F to decide whether to pursue this further with HSBC.

I appreciate my decision is likely to disappoint Miss F but for all the reasons I've outlined above, I consider an award of £300 on top of the £150 already paid, is fair and reasonable.

### **Putting things right**

To put things right HSBC should pay H £300.

### **My final decision**

My final decision is that I uphold this complaint. In full and final settlement, I require HSBC UK Bank Plc to pay H £300.

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

Gemma Bowen  
**Ombudsman**