

The complaint

B, a limited company complains that HSBC UK Bank Plc unfairly closed its bank accounts, which caused financial problems.

B's complaint has been brought to our service by its director, C.

What happened

B had two business accounts with HSBC – a GBP account and USD currency account.

In August 2020, HSBC reviewed B's account and wrote to C asking them to provide information. C provided all the information requested. Following its review, HSBC decided to close B's accounts and wrote to C in January 2021 giving B 60 days' notice to make alternative banking arrangements. HSBC issued a cheque to B for the closing balances of its accounts in April 2021.

C complained to HSBC and asked for an explanation for why it had closed B's accounts. They believe that HSBC's decision to close B's accounts was based on political discrimination. HSBC wouldn't give C much information about why it had closed the accounts. And said it had closed the accounts in line with the accounts' terms and conditions. Unhappy with this response C brought B's complaint to our service. C said HSBC closed B's accounts unfairly and the banks' decision was based on political discrimination or bias, based on information content B hosts as part of its business activities. They want HSBC to reopen B's accounts.

C has explained that B was badly impacted as a result of HSBC closing its accounts. They've said that they were put to a significant amount of trouble to try and secure new bank accounts for B, during which time it has encountered issues with suppliers, meeting its tax obligations, and paying staff wages. They've also pointed out that the timing of HSBC's actions, in the middle of the COVID-19 global pandemic, made an already difficult situation much worse, due to the limitations on contact and travel, including hindering its access to Government-backed COVID-19 relief programmes. To put things right, along with reopening B's accounts, C on behalf of B wants compensation for the damage and trouble caused by HSBC actions. They also want any discriminatory practices within the HSBC banking group to be stamped out and stopped.

C also says they weren't able to cash the cheque for B's closing balances as the account they had managed to open for B, didn't support cheque deposits. They also said that the balance of B's USD account (£10,000 USD) hadn't been returned to B. They explained that this had been sent to an overseas bank, but then returned to HSBC, but B's HSBC account had been closed by the time the money had been sent back. And the money appears to have been lost in the system. So, they wrote to HSBC in September 2022 asking the bank to return both account balances by bank transfer.

Since B's complaint has been with our service, HSBC acknowledged that it had received C's September 2022 letter and said it had released the balance of B's GBP account to B in December 2022. However, this account was also closed, so the payment was rejected. C was reluctant to provide further bank account details to HSBC. So, the investigator arranged for a cheque to be issued in C's name for the balance, which was done in February 2023.

The investigator's looked into B's complaint. They didn't think HSBC had done anything wrong when it had closed B's accounts and they explained that the bank didn't have to provide an explanation for why it no longer wanted B as a customer. The investigator also said that there was no evidence HSBC had carried out any black-listing activities or were responsible for the actions of other financial institutions towards B.

The investigator said that there were delays in HSBC returning B's GBP account balance. So, said the bank should pay 8% interest for loss of use of the funds between the date of C's letter in September 2022 until the date the funds were returned to B in December 2022. The investigator didn't recommend any further compensation as C on behalf of B hadn't provided any evidence to support what they'd said about the impact being without these funds had on B.

C, on behalf of B disagreed with the investigator's findings. They maintained that HSBC closed B's accounts unfairly and, although they couldn't provide any direct evidence, that HSBC's decision was based on political discrimination. They also said that they are very concerned that HSBC has carried out black-listing activities against B which has prevented B from being able to open other accounts both in the UK and overseas. They want HSBC to provide evidence that this is not the case. They have suggested that even if HSBC hasn't officially taken adverse action against B, it's possible an individual could be working within HSBC independently, considering the fact that B began encountering banking issues around the same time as HSBC closed its accounts.

C also wants to know what information HSBC relies on, when deciding to close a customer's account, whether this is publicly available information, and if it does so, what measures HSBC takes to ensure that this information isn't biased or politically motivated.

As no agreement could be reached 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.

This decision will focus on B's complaint regarding the closure of its accounts and return of the balance in its GBP account. The return of B's USD balance is being dealt with under a separate complaint.

I'm very aware that I've summarised the events in this complaint in far less detail than the parties and I've done so using my own words. No discourtesy is intended by me in taking this approach. Instead, I've focused on what I think are the key issues here. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts. If there's something I've not mentioned, it isn't because I've ignored it. 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. I do stress however that I've considered everything that C and HSBC have said before reaching my decision.

I would add too that our rules allow us to receive evidence in confidence. We may treat evidence from banks as confidential for a number of reasons – for example, if it contains security information, or commercially sensitive information. Some of the information HSBC has provided is information that we considered should be kept confidential. This means I haven't been able to share a lot of detail with C, on behalf of B, but I'd like to reassure them that I have considered everything.

It's clear from what C has told our service and HSBC that they believe B is a victim of political discrimination by HSBC. While I can appreciate this is their perspective, it is not the role of the Financial Ombudsman Service to decide whether the business has acted unlawfully or not – that's a matter for the Courts. I'm required to consider a number of factors in order to decide B's complaint in accordance with what I think is fair and reasonable in all the circumstances of this complaint. Part of this has meant considering the provisions of the Equality Act 2010. And after looking at all the evidence, I've not seen anything to suggest that HSBC decided to close the account for an improper reason.

Banks are entitled to decide for themselves whether to do business or continue doing business with a customer. Each financial institution has its own criteria and risk assessment for deciding whether to continue providing accounts and providing an account to a customer is a commercial decision that a financial institution is entitled to take. That's because it has the commercial freedom to decide who it wants as a customer. And unless there's a good reason to do so, this service won't usually say that a bank must keep a customer. But they shouldn't decline to open an account without proper reason, for instance of unfair bias or unlawful discrimination. And they must treat new and existing customers fairly.

At times, following a review, banks sometimes choose to end their relationship with customers. This can be due to a number of reasons and a bank isn't obliged to give a reason to the customer. Just the same as if B decided to stop banking with HSBC, it wouldn't have to explain why. I understand C wants HSBC to explain the reason it reviewed and closed B's accounts. But HSBC doesn't disclose to its customers what triggers a review of their accounts. It's under no obligation to tell C the reasons behind the account review and closure, as much as they'd like to know. So, I can't say it's done anything wrong by not giving C this information. And it wouldn't be appropriate for me to require it to do so.

I appreciate that it can't be pleasant being told you're no longer wanted as a customer. And I acknowledge what C has said about HSBC's motivation behind its actions. But HSBC have relied on the terms and conditions of C's accounts when it decided to close them. The terms explain that the bank can close the account with notice by providing a customer 60 days' notice. Having looked at all the information available to me, including HSBC's actions and the information it's provided I'm satisfied that HSBC's decision to close B's accounts was reached legitimately and fairly. I've also reviewed the terms and conditions and circumstances of this complaint, and I'm satisfied HSBC acted in line with them, so, it was entitled to close the accounts as it has already done. And I won't be directing HSBC to reopen B's accounts.

C has made a number of serious allegations against HSBC – that it or an individual within the bank is actively engaged in black-listing activities against B, which has led to a number of other accounts B had, being closed. But I have not seen any evidence that this is the case. We've also asked HSBC about this. And it has assured this service that it hasn't recorded any markers against B or been party to any blacklisting activity. And I accept that.

HSBC can't be held responsible for the decisions being made by other financial institutions. These financial institutions will have their own criteria, terms, and conditions which they work to and would have to explain to the customer if any services were being withdrawn. B is clearly unhappy about other accounts it held being closed, so the correct approach would be

for C on behalf of B, to approach these financial institutions for more information and raise a complaint if they are unhappy.

HSBC closed B's accounts in April 2021 and sent a cheque for the closing balance of B's GBP account. But B couldn't pay this into its new account, as it didn't accept cheques. C wrote to HSBC in September 2022, asking for the funds to be released to B via bank transfer. HSBC received the letter but didn't release the balance until 29 December 2022. HSBC has accepted that it should have released B's money sooner than it did. And it has agreed to pay 8% interest for loss of use of these funds to B. I'm satisfied that this is a fair and reasonable way to resolve this aspect of B's complaint. In reaching this conclusion I've kept in mind that C hasn't provided any evidence to demonstrate the impact being without these funds had on B. So, HSBC should pay B 8% simple interest on the balances of B's GBP account from 29 September 2022 until 29 December 2022, for loss of use of these funds.

In summary, I'm satisfied that HSBC treated B fairly when it closed its accounts. But B waited three months for HSBC to return its account balance. I think adding interest to the balances of their account fairly compensates B for the loss of use of this money.

My final decision

For the reasons I've explained, my final decision is that to put things right HSBC UK Bank Plc should:

- Pay B 8% simple interest per year for the sum in B's accounts between 29 September and 29 December 2022

Under the rules of the Financial Ombudsman Service, I'm required to ask B to accept or reject my decision before 27 September 2023.

HM Revenue & Customs require HSBC Bank UK Plc to withhold income tax from the above mentioned interest. HSBC should give B a certificate showing how much is taken off if they ask for one.

Ombudsman