

The complaint

M – a business – complains about poor service it received from HSBC UK Bank Plc in connection with its business account.

What happened

M had a business account with HSBC. It subsequently became locked out of its internet banking in around 2018.

To reactivate access to the internet banking, on 29 January 2019, M completed a business internet banking application form. An activation code was emailed to M, and a 'welcome letter' was sent to the address HSBC held for M on file.

On 17 March 2019, M's director called HSBC and said that he had received the activation code, but he had not received a welcome letter. During the call, M was not able to pass HSBC's security checks and telephone access to the account was also then blocked. HSBC said that M's director could attend a branch with photo identification. However, as M's director was not in the UK, he was not able to do this. Alternatively, HSBC said that M would need to fill out a form online instead.

On 19 March 2019, M complained to HSBC. M said a welcome pack had been requested twice, but nothing had been received from HSBC. In the complaint, M said that in order to access its accounts, HSBC was requiring information that had been provided 20-years ago.

In response, HSBC said that M would need to fill out a registration form to reset the security details for telephone banking. It said it would arrange for another welcome letter to be sent out, so that M could access its internet banking again.

M did not receive this final response letter and so it complained to HSBC again on 3 May 2019. M's director said that internet access to the business bank account was still blocked.

HSBC responded on 16 May 2019. It said that it had sent another welcome pack out on 20 March 2019. It said it had no record of a telephone banking application form being completed. Although M had requested contact by email or telephone, HSBC still sent this response by post on 16 May 2019. M says it did not receive the response.

M then completed a telephone banking application form. HSBC says telephone access was restored. The same telephone banking application form appears to have been sent again. However, this time, it was returned to M because HSBC said it had not been signed.

On 15 October 2019, HSBC then sent a letter to M to say its account appeared to be inactive because no payments had been made from the account for over 12-months. HSBC said that in order for the account to remain active, M would need to place regular debit and credit transactions. HSBC said that if no transactions were recorded by 19 December 2019, the account would be suspended or closed. No transactions were made because M could not actually access the account and so the account as a whole appears to have been suspended on 19 December 2019.

M called HSBC again on 27 January 2020. Similar security questions were asked and HSBC said incorrect answers were provided again. No information about the account was provided to M during this telephone call.

Seemingly at the suggestion of HSBC, M tried to set up a new signatory to the account in order that they could then attend an HSBC branch to unlock access to the account. The application for a new signatory was rejected by HSBC as it said the criteria for doing this were not met.

M complained to HSBC again, but HSBC did not uphold the complaint. M then complained to this service.

In the meantime, M then completed an account closure form, which was received by HSBC on 17 April 2021. However, the account was not closed until September 2022 after our investigator intervened. HSBC then offered to refund the fees that M had been charged from 17 April 2021.

Our investigator ultimately didn't think the complaint should be upheld. M disagreed with that view and so the matter was passed to me for an ombudsman's decision.

I issued a provisional decision because I intended to tell HSBC to put things right for M. I said:

"Firstly, I can see from the complaint form that M has requested compensation for the time wasted by its director and the family member. However, I just want to make it clear what our powers are in awarding compensation in cases like this. The complainant in this case is M – a limited company. That means I cannot award compensation for any distress or inconvenience that has been incurred by its directors or anyone else in a personal capacity. I can, however, make an award if I find HSBC made an error and this has caused inconvenience to the business itself.

I've considered whether it was fair for HSBC to effectively lock M's access to internet banking. HSBC says internet access to the account was removed because the account had not been used for some time. M says it was regularly logging into the account, but HSBC's systems did not recognise this because it was using an overseas VPN.

The terms and conditions relating to the use of HSBC's business accounts say:

"[HSBC] can end any or all of your users' access to Business Internet Banking at anytime and without notice if:

- *Your users haven't used business internet banking for three months."*

I know M says that it was regularly accessing its internet banking, but I haven't been provided with any evidence to suggest that was the case. For example, it is not clear to me that the account was regularly being used. In those circumstances, if HSBC had no record of M using its internet banking for three months, I can't say it was unreasonable for it to end access to that service. I agree with our investigator to the extent that HSBC's actions were in line with its terms and conditions here.

I can see that M did apply again for internet banking on 29 January 2019. Two pieces of information were required for M to be able to access this service again – a welcome letter and an activation code. The activation code was sent by email, which I understand M received. HSBC then sent the welcome letter out to M at the address it held on file.

I know at this stage that M's director was overseas. I can also see that a different address was included on the internet banking application form. However, I can see why HSBC would have sent the welcome letter by post and without further verification of the new address, I don't think it was wrong for HSBC to send the welcome letter to the postal address it held on file. I understand M did not receive this document straightaway, but it appears this, along with other welcome letters, may

have been later received. I say this because upon listening to the telephone call between M and HSBC on 27 January 2020, M's director referred to receiving 'a pile' of welcome letters.

I've next looked at the issue around telephone access to M's account. I've listened to the telephone call of 17 March 2019 between M and HSBC. I know M thought HSBC was unreasonable in asking these security questions. M said HSBC had asked it to confirm information that was 20-years old. However, having listened to that call, I disagree with M's recollection here. It seems to me that the questions that were asked related to the (then) current operation of the account and some of M's basic contact details. As M apparently couldn't answer those questions, I don't think it was unreasonable for HSBC to restrict telephone access to the account in those circumstances.

That said, there did appear to be some confusion during this telephone call. M thought HSBC had said that M would need to set up its internet banking from scratch and set up all of its payments and payees again. I don't think that's what HSBC was trying to say to M. But before HSBC had the opportunity to clarify what it meant, M appears to have abruptly disconnected the call.

M says it was later informed by HSBC that answers to its security questions had been deleted in a software update. I know M strongly believes that to be the case, but I haven't seen any evidence to support what M genuinely believes to have taken place in this regard.

HSBC says it cannot see evidence of a system update.

I can see M did complete a telephone banking registration form in August 2019. Telephone access was then restored, but I cannot see that this was communicated to M. There appears to have been more confusion in this regard because HSBC later rejected the same application form sometime later by saying the form had not been signed. In any event, it appears this telephone was restricted again when M's director seemingly failed security again in January 2020.

In any event, HSBC then wrote to M to say it would close or suspend the account if there was no activity before 19 December 2019. It said if M wanted the account to be reinstated after this date, a visit to an HSBC branch would be required. In sending this letter, HSBC wrote to the address it held on file. I know M's director was no longer at this address, but I haven't seen evidence to suggest an alternative address had been verified by HSBC at that point. I don't think sending the letter to the last known address was wholly unreasonable in these circumstances. The account was indeed suspended on 19 December 2019.

M then tried to add an additional signatory to the account in order that this person could then reinstate the account. I know M has complained strongly about the issues arising from the additional signatory request. I can see that a family member of M's director attended an HSBC branch in person to apply, but that application was then rejected. M says this was because HSBC wrote to it at the address where the director was not present. But from the evidence I've seen it appears to have been rejected because the relevant criteria for this signatory were not met. M complains that the family member's time was wasted in following HSBC's advice. However, as I said above, my provisional view is that I cannot award compensation for the time spent personally by the family member if there was no impact on M as a business. I have not been provided with any evidence to suggest that M lost out financially because of the time spent by the family member in this regard.

However, as I said, M's account was suspended on 19 December 2019. Despite that, account fees appear to have been charged after that date. If M's account had been suspended, my provisional view is that it is not fair or reasonable to charge M for an

account it could no longer use. I intend to require HSBC to refund any account fees charged from 19 December 2019 onwards.

I know M's director thought that all account fees should have been refunded from the date internet access was restricted. However, my provisional view is that although there were difficulties accessing the account from 2018, it was still in operation up to 19 December 2019.

It is not in doubt that M's director feels strongly about this complaint. However, I'm provisionally satisfied that HSBC appears to have acted within its terms and conditions when it suspended internet access to the account back in 2018. I haven't seen anything to suggest that the relevant welcome letters weren't sent to M at the last verified address for it to regain access to the account.

Similarly, I can't say it was wrong for HSBC to suspend access to the account through the telephone when M's director apparently failed basic security questions. That said, I think HSBC may have caused some delay in giving M instructions on how to access the account by telephone. I say this because the written instructions on how to do so were enclosed in the final response letter sent to the director by post. When HSBC knew the director had not received this information, I have not seen any attempts made by HSBC to provide that information again. Had this been done, it is possible that M may have been able to restore telephone access to its accounts. HSBC then reinstated telephone access, but I cannot see M was notified of this. My provisional view is that HSBC will need to pay £150 to compensate M for the confusion here. I can provisionally see how it would have caused inconvenience to M as a business.

I further note that although HSBC received an instruction to close M's business account on 17 April 2021, no action was taken in this regard until the intervention of our investigator. I understand the account was eventually closed and funds refunded to M on 12 September 2022. HSBC said it didn't think M had sent the closure form to the correct department of the bank. However, as that form had been received by HSBC, my provisional view is that it should not have taken over a year to close the account. HSBC will need to take action to put that right."

In addition to the £150 compensation set out above, I also said I intended to tell HSBC to refund the account fees that were charged after the account was suspended in December 2019, along with 8% interest. In addition to that, I said that I intended to tell HSBC to pay 8% interest on the account balance from the point M sent its account closure form to HSBC.

I asked the parties to provide me with any further information or evidence they wanted me to consider by 31 March 2023. Both parties responded in advance of that date. HSBC indicated it agreed with my provisional decision.

In summary, M's response was:

- That it had been unable to use its account and pay bills from February 2018;
- It could not understand why I had not directed HSBC to personally compensate M's director and his family member;
- HSBC had told M to contact this service in order to recover its funds and informed M that its system failed to register overseas logins.

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.

As both parties have responded before the date set out in my provisional decision, I am able to issue my final decision now.

I've thought carefully about the issues raised by M, but I'm not persuaded to depart from my provisional findings.

I know M said it could not understand why I was not telling HSBC to compensate its director and family member personally. It may help if I explain that when I'm considering complaints, I am bound by the rules that apply to this service. Those rules are set by the Financial Conduct Authority ('the FCA') and are known as the DISP rules. A copy can be found online in the FCA's handbook.

DISP 2.7 says that this service can only consider a complaint if it is brought by an eligible complainant. For the purposes of the DISP rules, M is a business and so it is M that is the eligible complainant as set out at DISP 2.7.3.

It follows then that when I'm considering a complaint, I have to look at the impact any mistake had on that eligible complainant. In this case, that is M and not the director or family member. M is a separate legal entity to the director and the family member. I cannot look at the impact on them unless such an impact would have affected M as a business. That's why I said that HSBC would need to pay £150 to M because I can see how the issues arising from telephone access could have been inconvenient to M as a business.

I've thought about the other issues raised by M in its response. But having done so, I'm not persuaded that further compensation should be paid.

So, for the reasons set out in my provisional decision, I require HSBC to take action to put things right for M.

Putting things right

HSBC must take action to put things right for M. It must:

- Pay £150 to compensate M for the errors I have identified above;
- Calculate and refund to M all the account fees it incurred from 19 December 2019 to date;
- Calculate and pay 8% simple interest on each account fee from 19 December 2019 from the date M paid it until the date M gets that money back; and
- Calculate and pay 8% simple interest on M's account balance from 17 April 2021 until the date the account was closed.

My final decision

I require HSBC UK Bank Plc to put things right as I have set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask M to accept or reject my decision before 22 April 2023.

Nicola Bowes
Ombudsman