

The complaint

Mr M complains that HSBC UK Bank Plc closed his credit card account without reason. He would like to know the reason. And compensation for the way he was treated. Mr M is represented by Mrs M.

I am aware that there is a complaint about Mr M's current account, but I will only be dealing with the closure of the credit card account in this decision.

What happened

Mr M had a credit card with HSBC for the last 20 years.

Following a review by HSBC, on 4 January 2022 he received a notice to close letter from HSBC saying his credit card account would close on 9 March 2022.

Mr M was unhappy that he hadn't been given a reason for the closure. Mrs M complained to HSBC on his behalf.

Mr M had an outstanding Section 75 claim, and he was worried this would be affected by the credit card closure.

HSBC said if his Section 75 claim was successful, they would credit an external account.

Mr M has said that Mrs M made numerous calls to HSBC where she was given misinformation and the calls were cut off or transferred to the wrong department. Mr M has said he wasn't treated kindly or with compassion.

Mr M has said that dealing with the bank on the phone has caused him a great deal of stress. He has told us about his health conditions and how the stress of the credit card account closure and how it was carried out affected him.

Mr M has said that as a result of the closure of the credit card he has taken out a new credit card with another bank but has seen his credit limit drop from £6,000 to £2,000 and this has resulted in a substantial drop in spending power.

HSBC said they hadn't done anything wrong when they closed his credit card account.

Unhappy with the response they complained to our service.

One of our adjudicators looked into the complaint. She thought HSBC had done nothing wrong when they closed the credit card account. She acknowledged that the reduction of Mr M's credit limit to £2,000 was a difficult situation especially during the pandemic but she didn't think HSBC were responsible for another bank's decision on Mr M's credit limit. She also said that HSBC hadn't replied to Mr M's concerns regarding the service they had received when they raised the complaint. She said it appeared that HSBC hadn't received the complaint letter Mrs M had sent to them.

Mrs M on behalf of Mr M said she was unhappy with the view. The complaint was about the

way in which HSBC closed the account and the lack of reasons given for it. Mr M was frustrated that the letter received from HSBC didn't explain the reasons why the account was closed even though it said it would. Mrs M thought that if Mr M was credit worthy to an amount, then the new bank should take on that creditworthiness along with any direct debits that were transferred. Mrs M said they were concerned that the reason for the closure was because there had been fraud on the address or account.

After the view I contacted HSBC to receive their comments in relation to the service elements of the complaint. I noticed that HSBC had addressed Mr M's complaints about the service she received on the phone. They didn't think they had done anything wrong as they weren't able to provide Mrs M with the information she required which was the reason for the closure.

Mrs M on behalf of Mr M complained about the service they got on the phones, they had been given misinformation, transferred to the wrong departments and they had received a letter which was incorrect by telling them they had requested for the credit card to be closed.

As there was no agreement the matter has come to me to decide.

In my provisional decision I said:

Firstly, I would like to reassure both parties that while I may not comment on everything raised, I have considered all the arguments that Mr M has put forward as well as the information provided by HSBC.

The issues raised in relation to the current account closure will be dealt with separately.

Account review and closure

Financial businesses, like HSBC, are subject to a number of legal and regulatory requirements. These mean they have to monitor their customers' accounts and may need to review an account at any time. While that is happening, they may need to block or restrict any payments. I am satisfied HSBC were complying with these obligations when they reviewed Mr M's account.

Following the review HSBC decided to close Mr M's account.

As the adjudicator explained it's generally for banks to decide whether or not they want to provide, or to continue to provide, banking facilities to any particular customer. Unless there's a good reason to do so, this service won't usually say that a bank must keep a customer or require it to compensate a customer who has had their account closed.

Banks should, however, give reasonable notice before closing an account. Usually that means 60 days' notice, but it can be less depending on the circumstances. I can see that HSBC wrote to Mr M on 4 January 2022 and let him know it was closing his account on 9 March 2022 giving him 60 days' notice. So, I'm satisfied HSBC closed the accounts in line with the account terms. And gave Mr M adequate time to open another credit card account.

I've considered whether HSBC acted fairly when it closed Mr M's credit card. Mr M has pointed out that he has been a loyal customer of HSBC for many years and that the closure of his credit card has caused him a lot of problems and stress which has affected his underlying health condition. I'm sorry that what's happened has caused Mr M trouble and upset but as I've said HSBC closed the account in line with the account terms. And having looked at the evidence provided I'm satisfied that HSBC haven't done anything wrong when they decided to close the account. It follows that I won't be awarding compensation for the

closure although I understand the stress that Mr M was put under as a result of the closure.

I understand Mr M has taken out a different credit card with another bank and has seen his credit limit reduced considerably. I can't hold HSBC responsible for the commercial decision another bank has made regarding the credit limit Mr M may be offered. I do appreciate Mr M feels he wouldn't have been put in this position had HSBC not decided to close his credit card account. However, I have already said HSBC were entitled to close the account in line with the terms and having looked at everything I am satisfied HSBC haven't applied the terms unfairly.

Reasons

Mr M has expressed his frustration at not being told the reason for the account closure. He is also upset that the closure letter referred to a reason when the reason wasn't stated.

Mr M has said he wants to know the reasons why HSBC closed his account. Whilst Mr M may've expected to be given the reasons for the account closure. HSBC isn't required to give him a specific reason. HSBC doesn't disclose to its customers what triggers an account review and closure. And I can understand Mr M's frustration that he hasn't been provided a detailed explanation but been referred to the terms and conditions. But as the adjudicator has explained, HSBC is under no obligation to provide this information to him, as much as he'd like to know. So, I can't say HSBC have done anything wrong by not giving Mr M this information.

I know Mr M has been frustrated by the content of the closure letter he has received from HSBC. I can understand the letter may have been confusing to him. However, I can see that HSBC have said that they have reviewed the account and decided to close the account in line with the account terms. HSBC aren't obliged to give Mr M a more specific reason, so I don't think they've done anything wrong.

I appreciate that Mr M is concerned that the reason for the closure may have been because of fraud on the address or the account. I can see this would be concerning as it would mean his personal details had been compromised. I would therefore like to reassure Mr M that I've seen no evidence of his personal details being compromised and I hope that provides him with some comfort.

I know the stress of the closure affected Mr M's health. I am sorry to hear that's the case. I've already said that HSBC didn't treat Mr M unfairly when it closed his account, it follows, I can't hold them responsible for the effect the closure had on Mr M.

Service issues

I appreciate Mrs M has told us about the service issues that Mrs M and Mr M experienced when seeking clarification from HSBC and pursuing this complaint. Mrs M has also said Mr M received a letter indicating he had asked for the credit card to be closed which upset him as this was obviously not the case.

I understand that Mr M made some phone calls to the customer service team of HSBC and although Mrs M later took over and made most of the calls Mr M has explained how his health was badly affected by the calls he did make and by the general stress of not knowing what was happening.

I appreciate that HSBC were within their right to close Mr M's account, but I would have expected them to provide a better service on the phone to be clearer in their message to Mr M regarding them not being able to provide a reason. Because of this I think HSBC should pay Mr M £50 for the inconvenience they caused him. In awarding this amount I have taken into account that it was mainly Mrs M that dealt with the phone calls, but that Mr M

was disproportionately affected by the stress of the calls he did make because of his underlying health condition.

In summary I know Mr M will be disappointed with my decision but having looked at the evidence I'm satisfied that HSBC acted fairly when it reviewed and closed Mr M's credit card account. I also don't think they did anything wrong by not giving Mr M a reason for the closure. And as I've said I can't hold HSBC responsible for another bank's commercial decision regarding credit limits.

I think HSBC should pay Mr M £50 for the distress caused whilst pursuing the complaint.

Responses to my provisional decision

HSBC have said they have nothing further to add to my decision. Mr M has agreed with my provisional findings but would like me to reconsider the amount of compensation I was minded to award because of inflation.

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 thank Mrs M representing Mr M for her comments about my provisional decision. Having considered them I haven't seen any grounds to increase the compensation.

I have awarded £50 compensation in respect of the service issues on this account. I am aware that there are other complaints borne out of the same circumstances and I have dealt with those in separate decisions.

I consider the award of £50 in respect of this complaint to be reasonable in the circumstances.

Putting things right

HSBC should pay Mr M £50 for the distress caused during the calls to the customer service team.

My final decision

For the reasons stated above I partially uphold this complaint. I require HSBC UK Bank Plc to pay Mr M £50 for his material distress.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 26 May 2023.

Esperanza Fuentes
Ombudsman