

## The complaint

Mrs M complains that HSBC UK Bank Plc closed her credit card account without reason. She would like to know the reason. And compensation for the way she was treated.

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

## What happened

Mrs M had a credit card with HSBC for many years.

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

Mrs M was unhappy that she hadn't been given a reason for the closure. Mrs M complained to HSBC.

Mrs M made numerous calls to HSBC where she was given misinformation and the calls were cut off or transferred to the wrong department.

Mrs M has said that dealing with the bank on the phone has caused her a great deal of stress.

Mrs M has said that as a result of the closure of the credit card she has taken out a new credit card with another bank but has seen her credit limit drop from £7,500 to £1,800 and this has resulted in a substantial drop in spending power.

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

Unhappy with the response she 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 Mrs M had spent a long time chasing HSBC to establish why the account was closed. But she thought that as HSBC had given the correct notice and they weren't obliged to give a reason; they hadn't done anything wrong.

Mrs 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. Mrs M said they were concerned that the reason for the closure was because there had been fraud on the address or account.

Mrs M complained about the service they got on the phones, she says she had been given misinformation, transferred to the wrong departments and she had had received a letter which was incorrect – Mrs M has also said she received a letter indicating she had asked for the credit card to be closed which upset her as this was obviously not the case.

I am aware that HSBC provided a final response to the service issues raised by Mrs M in a

letter dated January 2023. HSBC addressed Mrs 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 reason for the closure which was the information she required.

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

In my provisional decision I said:

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Firstly, I would like to reassure both parties that while I may not comment on everything raised, I have considered all the arguments that Mrs 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 Mrs M's account.

Following the review HSBC decided to close Mrs M's credit card 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 Mrs M on 4 January 2022 and let her know it was closing her account on 9 March 2022 giving her 60 days' notice. So, I'm satisfied HSBC closed the accounts in line with the account terms. And gave Mrs M adequate time to open another credit card account.

I've considered whether HSBC acted fairly when it closed Mrs M's credit card. Mrs M has pointed out that she has been a loyal customer of HSBC for many years and that the closure of her credit card has caused her a lot of problems and stress. I'm sorry that what's happened has caused Mrs 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 Mrs M was put under as a result of the closure.

#### *Credit limit reduction*

I appreciate that as a result of the closure Mrs M has taken out a different credit card with another bank. Mrs M has said her new credit card limit has been considerably reduced and this has made her life more stressful than before. I appreciate that the reduction of Mrs M's credit limit to £1,800 was a difficult situation especially during the pandemic. I don't think HSBC can be held responsible for another bank's commercial decision on Mrs M's credit limit. I do accept that Mrs M wouldn't find herself in this difficult position if HSBC hadn't

closed her credit card account but I've already said HSBC were entitled to close the account so I can't hold them liable for the reduction in the credit limit.

### *Reasons*

Mrs M has expressed her frustration at not being told the reason for the account closure. She is also upset that the closure letter referred to a reason when none was given.

Mrs M has said she wants to know the reasons why HSBC closed her account. Whilst Mrs M may've expected to be given the reasons for the account closure. HSBC isn't required to give her a specific reason. HSBC doesn't disclose to its customers what triggers an account review and closure. And I can understand Mrs M's frustration that she 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 her, as much as she'd like to know. So, I can't say HSBC have done anything wrong by not giving Mrs M this information.

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

I appreciate that Mrs 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 her personal details had been compromised. I would therefore like to reassure Mrs M that I've seen no evidence of her personal details being compromised and I hope that provides her with some comfort.

### *Service issues*

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

HSBC were within their right to close Mrs M's account, but I would have expected them to provide a better service on the phone, to be clearer in their message to Mrs M regarding them not being able to provide a reason for the closure. The lack of clarity meant Mrs M continued calling the customer service team to try and get answers to her questions. Because of this I think HSBC should pay Mrs M £50 for the inconvenience they caused her. In awarding this amount I have taken into account that it was mainly Mrs M that dealt with the phone calls.

In summary I know Mrs 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 Mrs M's credit card account. I also don't think they did anything wrong by not giving Mrs 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 Mrs M £50 for the stress and inconvenience caused.

### **Responses to my provisional decision**

HSBC have said they have nothing further to add to my decision. Mrs 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 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 Mrs 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 Mrs M £50 for her material distress.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 30 May 2023.

Esperanza Fuentes  
**Ombudsman**