

The complaint

Mrs M complains that HSBC UK Bank Plc closed her 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 credit card, but I will only be dealing with the closure of the current account in this decision.

What happened

Mrs M had a current account with HSBC for over 40 years.

Following a review by HSBC, on 4 January 2022 she received a notice to close letter from HSBC saying her 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 her 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. She told us the stress had also aggravated Mr M's health conditions.

HSBC said they hadn't done anything wrong when they closed her account. They also said that their staff couldn't give Mrs M the reason for the closure even if she called their customer service team.

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 account. And HSBC had done nothing wrong by not giving a reason for the closure. 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, 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 was frustrated that the closure letter didn't explain the reasons why the account was closed even though it said it would. Mrs M said she was concerned that the reason for the closure was because there had been fraud on the address or account.

Following the view, I contacted HSBC requesting further comments on the service issues. I note that Mrs M had raised the service issues with HSBC as part of her complaint regarding the closure of the accounts.

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 Mrs M has put forward as well as the information provided by HSBC.

The issues raised in relation to the credit card closure will be dealt with in a separate decision.

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 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 bank account.

I've considered whether HSBC acted fairly when it closed Mrs M's account. Mrs M has pointed out that she has been a loyal customer of HSBC for many years and that the closure of her account 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.

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 the reason wasn't stated.

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 to her. 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 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.

I understand that Mrs M made a number of calls to the customer service team of HSBC. It is fair to say the calls didn't go as expected and Mrs M says she received bad customer service. I think HSBC could have been clearer in their phone communications with Mrs M and I know that Mrs M was transferred to the wrong department on a few occasions. She was also told she needed to speak to a department that wasn't customer facing.

I appreciate that 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 and to be clearer in their message to Mrs M regarding them not being able to provide a reason. This could have prevented the numerous calls Mrs M made. Because of this I think HSBC should pay Mrs M £50 for the inconvenience they caused her.

Responses to my provisional decision

HSBC have not responded to my provisional 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

To put 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 2 June 2023.

Esperanza Fuentes
Ombudsman