

The complaint

Miss Q complains that HSBC UK Bank Plc unfairly blocked and closed her account. She also complains that HSBC took too long to release the money in her account. She says this caused her trouble and upset and she wants compensation.

What happened

Miss Q had an account with HSBC which she opened in March 2022.

In May 2022, HSBC reviewed how Miss Q was using her account. The bank asked her to provide information about a number of cash deposits that had been made into her account. HSBC wrote to Miss Q via email and tried to call her in an attempt to get the information it needed on several occasions over a number of weeks. However, Miss Q didn't respond. So, in order to comply with its legal and regulatory obligations HSBC blocked Miss Q's account which meant she couldn't access any money in the account. At the time the account balance was around £40,000.

Miss Q finally responded to HSBC on 14 June 2022. HSBC asked her where the money had come from that had been deposited into her account and to provide proof of her entitlement to the funds. Miss Q provided what she could about the money in her account. HSBC reached out to Miss Q for more information. On 20 June 2022, she told the bank that most of the money had been given to her from family and a friend who'd repaid money that she'd owed. She explained that she couldn't provide any paperwork to support her explanation as some of the money had been kept in a family safe overseas.

HSBC completed its review at the end of June 2022. Following its review, HSBC decided to close Miss Q's account immediately. HSBC wrote to Miss Q in August 2022 giving her notice that she'd need to make alternative banking arrangements and sent her a cheque for her closing balance.

Miss Q complained to HSBC about blocking her account. In response the bank said it hadn't done anything wrong. HSBC said it had blocked and closed the account in line with the terms and conditions of the account and relevant regulations.

Miss Q wasn't happy with the bank's response and brought her complaint to this service. She explained that the restrictions on her account meant she had no money to secure a tenancy agreement, so she ended up becoming homeless for months, which had been dangerous and frightening. She said she had to borrow money from friends to get by, which was upsetting. And the whole experience had damaged her mental health. So, HSBC should pay her compensation.

One of our investigators reviewed the complaint. He thought HSBC hadn't done anything wrong when it blocked and closed Miss Q's account. However, he said HSBC took too long to release Miss Q's funds back to her. Based on the evidence, he said HSBC could have released Miss Q's funds on 30 June 2022, because by that time the bank had completed its enquiries. So, he said HSBC had kept Miss Q's funds for longer than it should have done. He said HSBC should pay Miss Q £150 compensation for the distress and inconvenience

this had caused her. And 8% simple interest on the balance of Miss Q's accounts from 30 June – 18 August 2022.

HSBC accepted what the investigator said. Miss Q disagreed. She said the amount of compensation doesn't adequately reflect the level of trouble and upset the bank's actions caused her. She wants more compensation.

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.

Firstly, as the investigator has already explained, HSBC has extensive legal and regulatory responsibilities they must meet when providing account services to customers. They can broadly be summarised as a responsibility to protect persons from financial harm, and to prevent and detect financial crime. To fulfil these obligations HSBC may need to review activity taking place on accounts and ask customers for information, for example about payments, and information about the individuals operating the accounts – it's entitled and obliged to carry out such checks. The terms of Miss Q's account also permit HSBC to review an account and ask its customers for information.

Having looked at all the evidence, I don't believe it was unreasonable in the circumstances for HSBC to block Miss Q's account. HSBC has explained that this was its standard procedure, and I accept that it was. I'm satisfied that in doing so HSBC were complying with its legal and regulatory obligations. So, whilst I accept, the bank's actions caused Miss Q inconvenience and upset when it decided to block her accounts and asked her to provide information, I can't say the bank did anything wrong and treated her unfairly in doing so.

However, while HSBC are entitled to carry out a review, we'd expect them to do so in a timely manner and without undue delay. We'd also expect them to release a customer's money as soon as it had completed its enquiries. HSBC initially blocked Miss Q's account in May 2022. I can see that HSBC asked Miss Q to provide it with information on more than one occasions. The last time on 20 June 2022. From looking at the information HSBC has provided about what it was doing, it seems that by 30 June 2022 HSBC had completed its enquiries. However, it wasn't until 18 August 2022, when HSBC closed her account, that HSBC sent Miss Q a cheque for her balance.

We've asked HSBC why it took as long as it did to give Miss Q back her money. But it hasn't provided much in the way of an explanation other than various checks needed to be completed, which involved a number of internal departments. Having looked at the timeline of events, whilst I recognise the importance of these actions, I'm persuaded that these checks could have been completed sooner. So, I'm satisfied HSBC has caused unnecessary delays in releasing Miss Q's funds back to her.

HSBC has agreed with the investigator's view to pay Miss Q £150 compensation for the trouble and upset caused by the delay, together with 8% interest for loss of use of her funds. In response to the investigator's view Miss Q said HSBC actions had caused her financial problems, which meant she struggled to secure a new tenancy agreement, ended up sleeping in a train station for a night, and not having enough money for food, which was extremely frightening and upsetting – especially as she had no family in the UK and is a woman. She's said she was homeless for months. So, she says the compensation offered isn't enough to reflect the amount of trouble and upset she's suffered.

I've considered what Miss Q has said about how HSBC's actions impacted her. And I've looked at the evidence she's sent in, which includes undated photographs of a young woman at a train station and tenancy agreements, which show Miss Q's tenancy ended on 28 June 2022 and she took out a new tenancy on 13 July 2022. So, it doesn't appear Miss Q was homeless for months as she has suggested. I note too that the photographs Miss Q has provided are undated, so there is no way of knowing for sure when they were taken or if indeed, they are of Miss Q.

There isn't a set formula that we use to calculate awards for particular mistakes or poor service. It's my role to consider what impact HSBC's actions have had on Miss Q and decide, within guidelines set by our service, whether compensation would be appropriate in the circumstances.

Based on the evidence I've seen I think it's fair to say the delays in releasing Miss Q's funds caused Miss Q trouble and upset. And I agree some compensation is appropriate for this. I say this because Miss Q had to borrow money from friends to secure her new rental property and buy food. She also had to wait more than a month for HSBC to release her funds after the bank had completed its enquiries. So, I can appreciate this would've been inconvenient and upsetting for her. And it's only right that HSBC recognises this. However, I'm satisfied that £150 along with 8% interest is a fair amount of compensation and proportionate to the trouble and upset Miss Q was caused. So, while Miss Q may disagree with me, I'm satisfied that the compensation recommended by the investigator recognises the impact HSBC's actions had in the overall circumstances of this complaint. So, I won't be directing HSBC to pay any more.

Finally, I've gone on to consider whether HSBC acted fairly when it closed Miss Q's account. It's generally for banks and financial businesses to decide whether or not they want to provide, or to continue to provide, banking facilities to any particular customer. Unless there's a very good reason to do so, this service won't usually say that a bank must keep customer or require it to compensate a customer who has had their account closed.

HSBC have relied on the terms and conditions of Miss Q's account in closing the account. The terms and conditions outline that HSBC can close a customer's account with two months' notice, and in certain circumstances they can close an account immediately. In this case the HSBC closed Miss Q's account immediately. For HSBC to act fairly here they needed to meet the criteria to apply their terms for immediate closure – and having looked at these terms and all the evidence I'm satisfied that HSBC did. So, it was entitled to close the account as it's already done.

In summary, it's clearly caused Miss Q trouble and upset when she wasn't able to use her account. And I appreciate it must have been a worrying and frustrating time for her waiting for HSBC to give her the money in her account. So, I realise she will be disappointed by my decision. But having looked at all the evidence and circumstances of this complaint, I haven't found grounds to increase the level of compensation. And I'm satisfied that £150 compensation along with 8% simple interest is fair and reasonable. So, I won't be telling HSBC to do anything else to resolve Miss Q's complaint.

My final decision

For the reasons I've explained, I partly uphold this complaint. To put things right HSBC UK Bank Plc should:

- Pay Miss Q £150 compensation for the trouble and upset caused by the time taken for HSBC to release the money in the account back to Miss Q
- Pay Miss Q 8% simple interest on her account balance between 30 June 2022 and 18 August 2022

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss Q to accept or reject my decision before 8 November 2023.

Sharon Kerrison
Ombudsman