

The complaint

Mr P is unhappy that HSBC UK Bank Plc closed his accounts and haven't provided with him with an explanation why it no longer wants him as a customer.

What happened

Mr P had accounts with HSBC – including a current account, savings account, and credit card account.

In January 2023, following a review HSBC decided to close the accounts. HSBC wrote to Mr P giving him two months' notice that he needed to make alternative banking arrangements.

Mr P complained to HSBC about the closure of the accounts and asked HSBC to explain why it no longer wanted him as customer. Mr P said he suspected HSBC's decision had something to do with him being a director of a company that he had recently left, as he was aware that their accounts had also been closed. He said that he had maintained his account in an exemplary manner and that if the bank suspected anything untoward then it should provide him with the reasons why it had decided to close his accounts.

In response, HSBC said it hadn't done anything wrong and had acted in line with the terms and conditions of the accounts when it had closed Mr P's accounts. And that it wasn't obliged to provide him with an explanation why it had decided to close his accounts.

Mr P wasn't happy with the bank's response and brought his complaint to this service. He said HSBC had treated him unfairly and that he'd been a good customer of HSBC for twenty years. He said that if the bank had any concerns of fraudulent activity happening on any of his accounts, then he wants to be told. So that he can understand the reasons behind HSBC's decision to close his accounts. He said he always ran his accounts properly and can't think of any real reason that the bank wouldn't want him as a customer. He explained that he had to go to the trouble of setting up new accounts, which was inconvenient. And that he wants HSBC to provide him with a proper explanation for its actions.

One of our investigators reviewed the complaint. He said that HSBC hadn't done anything wrong when it had closed Mr P's accounts and had closed them all in line with the terms and conditions of the account. Mr P disagreed. He said as far as he was concerned, he hadn't done anything that would cause HSBC to close his accounts and can't understand why HSBC would close his accounts. He wants to know why.

As no agreement could be reached the matter 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.

I can see Mr P feels very strongly about his complaint. That's clear from what's he's said to us and to HSBC. Whilst I appreciate Mr P's frustration and how this matter has impacted

him, it's important to point out that the only thing in question here is whether HSBC has done what it should have done. And I think it has. I'll explain why.

Banks and other financial businesses are strictly regulated and must take certain actions in order to meet their legal and regulatory obligations 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.

In order to comply with its legal and regulatory obligations, it's not unusual for a financial business to periodically review its customers' accounts, even if the account holder has been a customer for some time. Having looked at all the evidence and information, I'm satisfied that HSBC were complying with their legal and regulatory obligations when it reviewed Mr P's accounts. So, I can't fairly say they've done anything wrong.

Following a review, banks sometimes decide to close an account. Banks are entitled to decide for themselves whether to do business or continue doing business with a customer. Each financial institution has its own criteria and risk assessment for deciding whether to continue providing accounts and providing an account to a customer is a commercial decision that a financial institution is entitled to take. That's because it has the commercial freedom to decide who it wants as a customer. And unless there's a good reason to do so, this service won't usually say that a bank must keep a customer. But they shouldn't decline to continue to provide an account to a customer without proper reason, for instance of unfair bias or unlawful discrimination. And they must treat new and existing customers fairly.

Before HSBC closes an account, they must do so in way which is fair and complies with the terms and conditions of the account. I've looked at the terms and conditions and they state that HSBC could close Mr P's accounts by giving at least two months' notice. I've seen the notice to close letter that HSBC sent Mr P in January 2023, giving him the full notice period, so I'm satisfied that they have complied with this part.

I've then gone on to consider whether HSBC's reason for closing the accounts was fair. In doing so, I appreciate that HSBC is entitled to set their own policies and part of that will form their risk criteria. It is not in my remit to say what policies or risk appetite HSBC should have in place. I can however, while considering the circumstances of individual complaints, decide whether I think customers have been treated fairly.

I've considered what Mr P has said regarding his suspicions about the reasons behinds HSBC's decision. And looked at the information HSBC has provided. After considering all the available evidence and information, I haven't seen any evidence to show HSBC reviewed and closed Mr P's accounts for an improper reason. There's nothing that I've seen, that suggests it amounted to anything other than a legitimate exercise of its discretion. It follows then that I've not seen any evidence that would lead me to conclude HSBC treated Mr P unfairly.

I understand of course why Mr P wants to know the exact reasons behind HSBC's decision, other than what he's been previously been told. And I can see that Mr P has asked HSBC to explain itself on several occasions. I appreciate it can't be pleasant being told that you are no longer wanted as a customer. Especially after being a customer of the bank for as long as Mr P had. But HSBC doesn't disclose to its customers what triggers a review of their accounts. And it's under no obligation to tell Mr P the reasons behind the account review and closures, as much as he'd like to know. So, I can't say it's done anything wrong by not giving Mr P this information. And it wouldn't be appropriate for me to require it to do so.

In summary, I understand Mr P will be unhappy with my decision but having reviewed all the evidence and circumstances of this complaint, I'm satisfied that HSBC has acted in line with the terms and conditions of the accounts and as such I can't conclude that it has treated Mr P unfairly when it closed them. So, I won't be asking HSBC to do anything further to resolve Mr P's complaint.

My final decision

For the reasons I've explained, my final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 15 February 2024.

Sharon Kerrison
Ombudsman