

The complaint

P complains HSBC UK Bank Plc unfairly closed its business account and provided a poor service.

P, a limited company, is represented by Miss H.

What happened

The facts of the complaint are well known to both parties, so I will only provide a summary of the key points of the complaint.

HSBC initiated a safeguard review for P's business account in late 2022. HSBC contacted P explaining the review and that P would need to submit information for the review to be completed. HSBC says it sent numerous letters, and as no response was received it informed P in March 2023 that the account would be closed on 24 May 2023.

Miss H says the letters issues by HSBC to P were never received, and there was no contact via phone, email or text regarding the review. Miss H says she informed HSBC of the passing of the co-owner of P, Mr K in September 2022 so the review shouldn't have been initiated. Miss H also says HSBC continued to address correspondence to her deceased business partner.

P raised a formal complaint against HSBC regarding the account closure and service received. HSBC accepted that it had provided a poor service when Miss H was unable to utilise telephone banking, and it offered Miss H £200 for the inconvenience she experienced. HSBC maintained it had acted fairly when initiating the safeguard review of P's account and it had provided sufficient notice of what steps P needed to take.

Dissatisfied with the response from HSBC, Miss H brought her complaint to our service. An Investigator reviewed the complaint and found that HSBC had acted reasonably in the circumstances. However, the Investigator recommended HSBC pay P £100 in recognition of the fact it sent correspondence to the business owner who had passed away. HSBC accepted this recommendation.

Miss H remained unhappy with the proposed resolution and asked for their complaint to be reviewed by an ombudsman for a final decision.

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, I am sorry to hear of the passing of Mr K. I understand the impact of his passing alongside the issues P has experienced with HSBC means this would've been a challenging time.

P's issues with HSBC can be separated into two key areas, the safeguarding review and customer service. I will deal with each aspect of the complaint in turn.

Safeguard review

HSBC is under regulatory obligations to ensure it holds accurate information about its customers. This means it will carry out account reviews and ask customers to verify the details it holds.

In P's case HSBC sent letters on three separate occasions to its registered address explaining the review was being carried out and that information was required. I understand Miss H says these weren't received, but from what I can see they were correctly addressed. Miss H also says HSBC should've contacted P using different channels. HSBC has explained that its standard process is to issue letters. However, I can also see that HSBC sent text messages regarding the review and that information was required. HSBC has also provided screen shots of its online banking system, and this shows that a banner would've appeared when P's online account was accessed. This banner prompts the user to complete the online form and it clearly states that action is required. Once P was issued the exit letter from HSBC the online banner would've changed to reflect this, and the banner states the account is due to close. Taking this all into account I think HSBC took adequate steps to notify P of the review and the action it was required to take.

Miss H says she was in regular contact with her business relationship manager, and they didn't contact her to explain the safeguard review or the pending account closure. HSBC has confirmed the review is carried out centrally by a separate team, and the relationship manager wouldn't be involved in this process.

HSBC didn't receive the information it needed from P so it took the decision to close P's account. The terms and conditions of the account allow HSBC to do this, and it provided the necessary notice period. Miss H has provided detailed information about the impact the account closure had on P and its ability to function, and I understand this had a significant impact on the day to day running of the business. However, HSBC acted reasonably in the circumstances, and I wouldn't expect it to have taken any further action.

Customer service issues

Miss H has raised concerns about the overall service provided by HSBC. I have carefully considered the timeline of events and agree there were times when HSBC's service fell below a reasonable standard.

HSBC paid P £200 in recognition of the issues Miss H experienced with telephone banking as one of its representatives used incorrect details. I appreciate this occurred at what was already a stressful period for Miss H as P's account was restricted. I think the compensation amount given by HSBC here is fair and reflects the inconvenience caused.

Miss H has also highlighted that HSBC continued to send correspondence to the late Mr K even though she had notified it of his passing in September 2022. I can see there was contact between Miss H and P's business relationship manager about where Miss H should send a copy of his death certificate. I can't see that Miss H was given a clear response to this by the relationship manager. HSBC says it didn't receive a copy of the certificate, and it was only in June 2023 that the account details were updated. However, HSBC issued a statement in July 2023 and this had the late Mr K's name on it. The Investigator recommended HSBC pay P an additional £100 for distress and inconvenience for this error.

Miss H doesn't think this amount accurately reflects the impact HSBC's poor service has had on her and P. Reaching an award for distress and inconvenience is seldom straightforward. The issues involved are subjective by their very nature and the impact on the consumer can be difficult to determine. I know Miss H's concerns extend to the safeguard review and actions of HSBC, but as explained above I don't think HSBC acted unreasonably here. So taking into account the specific customer service issues P faced, I think the £200 already awarded, and the additional £100 recommended by the Investigator are fair amounts.

I know this will not be the outcome Miss H was hoping for and she will be disappointed with the decision I've reached. But I hope my decision provides some assurance that her concerns have been looked into independently.

Putting things right

To put things right, HSBC Bank UK Plc, must pay P £100 compensation for sending correspondence to the late Mr K.

My final decision

For the reasons above, I uphold this complaint. HSBC Bank Plc must now put things right as directed above.

Under the rules of the Financial Ombudsman Service, I'm required to ask P to accept or reject my decision before 21 February 2024.

Chandni Green
Ombudsman