

The complaint

Mrs W complains that HSBC UK Bank Plc closed her credit card account without notice.

What happened

Mrs W held a credit card account with HSBC. The bank decided to close the account in September 2021, it says it did so because Mrs W had missed her repayments on several occasions. HSBC explained that its terms and conditions allow it to take such action in those circumstances.

In 2023, Mrs W complained about HSBC's decision to close her credit card account. She said that she hadn't been informed at the time that her account had been closed, or why. She was also unhappy, more broadly, with the level of service she'd received. Lastly, Mrs W said that – had she known her account had been closed – she would've simply carried on making her minimum repayments until the debt was repaid, rather than repaying the balance in full as she had done in February 2023.

In response, HSBC accepted that it hadn't followed due process by not writing to Mrs W in 2021 when it decided to close her account. It also agreed that it had given Mrs W some wrong information. So, overall, it acknowledged that it could've handled things better. HSBC apologised for what had happened, and it offered Mrs W £100 compensation for the inconvenience.

Mrs W remained unhappy, so she contacted our Service for an independent review. An Investigator here looked at what had happened and, while she understood Mrs W's frustration at events, she didn't think HSBC needed to do anything more.

In summary, our Investigator said:

- HSBC had, in fact, informed Mrs W in 2021 that her account had been closed. That information was provided during a phone call, which Mrs W had made to the bank to request a new card.
- With that in mind, Mrs W was aware of the bank's decision and had enough information – from November 2021 – to determine how she wanted to repay what she owed.
- More generally, HSBC was entitled to take a commercial decision on whether to keep providing Mrs W with a credit card. Such decisions aren't events that our Service would seek to interfere with.
- £100 compensation was enough, in the circumstances, to compensate Mrs W for the inconvenience she'd experienced.

Mrs W disagreed, and she asked for an Ombudsman's decision. She reiterated that she wouldn't have paid off this credit card had things been clearer. Instead, she would've used that money to service other debt, carrying a higher interest rate, elsewhere. Mrs W also said

she didn't think £100 was enough compensation.

So, as no agreement has been reached the complaint has been passed 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.

At the outset, it's worth recognising that it's clear HSBC could've done better here. There's no dispute about that. As far as I can see, the bank accepts its failings and knows that it did cause Mrs W some inconvenience.

That said, I'm not persuaded that Mrs W was caused a financial loss because HSBC didn't correctly tell her the credit card had been closed. I'll explain why.

I've been provided with recordings of calls between Mrs W and HSBC from November 2021, around two months after the bank closed the credit card. The closure of the credit card account is quite clearly discussed. So, even though some specific detail about the reasons why may have been lacking, I'm satisfied that Mrs W was aware in November 2021 – at least at a high level – that her account had been closed.

It follows, then, that I can't agree that Mrs W didn't have enough information available to her to decide whether to continue paying her minimum contractual repayment, until she'd repaid her debt, or do something different.

Mrs W has, quite understandably, questioned why her account still appeared to function after HSBC had closed it. She continued to receive statements until 2023 – when she repaid the balance – and has also said that she could see her credit limit appeared, at least on the face of it, to be available.

Having reviewed the terms and conditions of the credit card, HSBC set out that if it (or, for that matter, the customer) ends the agreement, the terms will remain in place until everything borrowed has been repaid. That's just what happened here, and it would seem to explain why Mrs W continued to receive monthly statements as usual. I'll add that there was no apparent risk of Mrs W being able to make use of the remaining credit, however, because HSBC wouldn't send her a new card, given the account had closed.

For completeness, I'll also echo what our Investigator said about HSBC's decision to close Mrs W's account. That being, it's generally for banks to decide whether or not they want to provide, or to continue to provide, facilities to any particular customer – and not something for our Service to interfere with.

I can, though, determine if the bank acted fairly in reaching such a decision. From what I've seen, HSBC closed Mrs W's credit card account because she missed repayments on several occasions. The terms and conditions which governed the account allowed HSBC to take such action in those circumstances. So, overall, I can't fairly say the bank did something wrong there.

In any event, aside from what I've said above, the fact remains that HSBC did handle some things poorly. Although it did tell Mrs W in a phone call that her account had been closed, it was Mrs W who had made that call; the bank hadn't reached out to her directly, nor had it written to her to let her know about its decision. That's something HSBC should have done.

Moreover, HSBC gave Mrs W wrong information about why her account had been closed.

And while I don't agree that Mrs W was caused a financial loss as a result of HSBC's mistakes, all of that combined would no doubt have been frustrating and certainly inconvenient. So, I think compensation is appropriate here and, to that end, I consider HSBC's offer of £100 to be a fair and reasonable amount.

As I understand it, HSBC hasn't yet paid anything to Mrs W. So, it follows that I now require the bank to pay Mrs W £100 compensation as it offered to do.

My final decision

HSBC UK Bank Plc has already made an offer to pay Mrs W £100 to settle the complaint, and I think this offer is fair in all the circumstances.

So, my decision is that HSBC UK Bank Plc should now pay Mrs W £100.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs W to accept or reject my decision before 29 November 2023.

Simon Louth
Ombudsman