

The complaint

E, a limited company complains that HSBC UK Bank Plc (HSBC) unfairly closed its bank account leading to lost income.

E is represented in its complaint by a director, Mr E.

What happened

In 2022, HSBC carried out a safeguarding review but didn't hear back from E despite several reminders. HSBC extended the time to complete the review until mid-January 2023. After Mr E contacted HSBC shortly before the January 2023 deadline, HSBC agreed a 30 day extension to complete the review. Mr E then asked for more time which HSBC initially agreed to but then explained that it should not have agreed a further extension and closed E's account.

Our investigator didn't think HSBC treated E unfairly when it closed its account after giving more than the required two months' notice. Our investigator thought there was a failure in service when HSBC agreed the extension in February 2023 when it didn't mean to. However, she noted that HSBC tried to contact E the next day to discuss the mistake. Our investigator recommended that HSBC pay E £50 to apologise.

HSBC agreed to the investigator's recommendation but E doesn't accept. Mr E says E was without a bank account between the closure on 9 March 2023 and the opening of a new account with Barclays on 17 April 2023. Mr E says that because of this, he couldn't take card payments and had to personally make payments on behalf of E.

Mr E says HSBC agreed to send him a device to allow him to access E's account online but the device didn't arrive. Mr E says that without this device he couldn't complete the safeguarding review online. Mr E says he has since found out that he could have completed the review by phone.

HSBC says that the only record it has of Mr E requesting the device was in February 2023 and that it sent one to him as part of the reactivation of E's account. HSBC says that if a customer can't complete the review online, it can do so over the telephone but that this relies on a customer explaining that it can't complete the review online. As Mr E never explained this to HSBC, it says it didn't discuss the alternative with him.

Mr E says he's sacrificed more than £50 so he doesn't want to accept the settlement offer.

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 appreciate that I have summarised this complaint in less detail than the parties and I've done so using my own words. The rules that govern this service allow me to do this but it doesn't mean I've not considered everything that both parties have given to us.

I'm sorry to hear about the difficulties that E faced after HSBC closed its bank account. Mr E says he'd been with HSBC for ten years and there had been no unusual activity on E's account but the safeguard review isn't necessarily triggered by this kind of suspicious activity. UK banks are subject to strict legal and regulatory controls which means they sometimes need to review customers' accounts. The terms of E's account allow HSBC to request information. So, I'm satisfied that HSBC acted fairly when it asked E to complete the safeguarding review.

HSBC has provided copies of the letters that it sent to E about the review in July, August and September 2022. I'm satisfied the letters were sent to the correct address for E. After E didn't complete the review, HSBC sent a notice of closure in October 2022. So, E should have reasonably been aware of the urgent need to complete the review.

Despite E not engaging with the review, HSBC offered further time to complete the process. Once Mr E contacted HSBC in early 2023, it agreed an additional extension until February 2023. So, I think that HSBC treated E fairly throughout the safeguarding review.

Although it was unfortunate that HSBC verbally agreed a further extension of time when it didn't mean to, it took prompt action to alert E to the mistake by leaving an urgent message for Mr E the next day. As HSBC didn't hear back, I don't find it was unreasonable to proceed with the account closure, having previously explained to Mr E what would happen if the safeguarding review wasn't completed.

I appreciate that Mr E says he couldn't complete the safeguarding review without the security device but HSBC doesn't have any record of Mr E saying this until the call in February 2023. By this time, HSBC had sent several letters about the review and had previously spoken to Mr E. So, I don't have enough evidence to suggest that HSBC failed to provide a security device to E or that it didn't give E time to complete the review before it closed the account.

I agree with the investigator's recommendation that HSBC should pay E £50 for the failure in customer service when it mistakenly told Mr E that it could give a further extension. I don't think it's reasonable to require HSBC to pay more than this as it contacted Mr E the next day with an urgent message to call back. So, I think HSBC did quickly try and put things right.

As I don't find HSBC was at fault when it closed E's account, I don't require HSBC to compensate E for any losses it suffered after closure. I'm sorry if this comes as a disappointment to Mr E.

Putting things right

HSBC should pay E £50 for the failure in customer service.

My final decision

My final decision is that I uphold this complaint and require HSBC UK Bank Plc to pay E £50.

Under the rules of the Financial Ombudsman Service, I'm required to ask E to accept or reject my decision before 9 October 2023.

Gemma Bowen
Ombudsman