

The complaint

Mrs L complains HSBC UK Bank Plc (“HSBC”) closed her accounts without warning nor explanation. Mrs L says HSBC’s actions have caused her substantive distress, inconvenience, and embarrassment.

What happened

Following a review, HSBC closed Mrs L’s accounts on 20 December 2022. Mrs L says she only learnt about this the same day through no longer being able to access her accounts. Mrs L was travelling abroad on holiday the following day and returned to the UK around a week later.

Mrs L says not having access to her funds, which included her salary, significantly impacted her holiday as she needed to borrow money from friends and family. And because of the distress and inconvenience it caused her.

When Mrs L returned to the UK, she went into a HSBC branch. Mrs L says she was told by one of the members of staff that she should have been sent a letter at least 60 days before notifying her of her accounts being closed. Mrs L says she never received a letter like this.

Whilst in branch HSBC informed Mrs L that a cheque for her funds had been issued and sent in the post. Mrs L did not agree to this as she needed access to her money sooner to pay bills and other essential living costs. Mrs L added that a cheque needed time to clear – and she still needed to open a new account.

Mrs L explained this to HSBC, and later the same day she was told the cheque had been cancelled and she could have her money. Mrs L says she missed direct debit payments because of what HSBC did.

Unhappy with HSBC’s actions, Mrs L complained. HSBC didn’t uphold Mrs L’s complaint. In summary, it said:

- HSBC can no longer provide products or services to Mrs L - her accounts were closed with immediate effect. A letter was sent to Mrs L in December 2022 explaining this
- It’s HSBC’s policy not to discuss the details of why Mrs L’s accounts were closed. The accounts were closed in line the terms and conditions of the accounts

Mrs L referred her complaint to this service. One of our Investigator’s looked into Mrs L’s complaint, and they recommended it’s not upheld. In short, the key findings they made were:

- To meet its legal and regulatory obligations HSBC can carry out reviews of its customers’ accounts. HSBC doesn’t need to give notice nor reasons for carrying out such reviews
- HSBC closed Mrs L’s accounts in line with its terms and conditions, and its decision to do so was reasonable. Mrs L would like an explanation why HSBC acted in this

way, but the information it has provided is commercially sensitive

- Mrs L's holiday was impacted by HSBC's actions, and she had to move her direct debits and accounts. But HSBC did nothing wrong in closing the accounts. So it doesn't need to do anything further
- HSBC sent a letter of closure to Mrs L on 20 December 2022, and it was correctly addressed. So HSBC did what it needed to do
- HSBC has no evidence Mrs L was told in branch that she was sent a letter giving her 60 days' notice of her accounts being closed. But the information provided shows Mrs L's accounts were closed with immediate effect in December 2022

Mrs L didn't agree with what our Investigator said. Some of the key points she made are:

- It's not satisfactory that an explanation hasn't been given by HSBC and that its evidence is deemed 'commercially sensitive'. More context to what this means should be given
- Mrs L had been a customer of HSBC's for almost 40 years, and so questions how it can be reasonable for it to close her accounts in this way without telephone, email, or letter communication
- The impact HSBC's actions have had on Mrs L's health, well-being and life have not been properly considered
- Sending a letter on the day of the closure isn't reasonable notice
- A male staff member informed Mrs L she should have been notified 60 days prior to the closure. This proved to be incorrect. HSBC say they have no record of this conversation – Mrs L feels let down because of this
- Mrs L has had late payments added to her credit file because of the delay in accessing her salary, opening a new account, and setting up new direct debits. HSBC decided to close her accounts over Christmas, which is supposed to be a precious time with the family. The distress HSBC caused Mrs L and her family has been traumatic and immeasurable

As there was no agreement, this complaint has now 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.

Having done so, I've decided not to uphold this complaint. I know this will disappoint Mrs L, so I'll explain why.

I'm very aware that I've summarised the events in this complaint in far less detail than the parties and I've done so using my own words. No discourtesy is intended by me in taking this approach. Instead, I've focussed on what I think are the key issues here. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

If there's something I've not mentioned, it isn't because I've ignored it. I'm satisfied I don't

need to comment on every individual argument to be able to reach what I think is the right outcome. I do stress however that I've considered everything Mrs L and HSBC have said before reaching my decision.

Banks in the UK, like HSBC, are strictly regulated and must take certain actions in order to meet their legal and regulatory obligations. They are also required to carry out ongoing monitoring of an existing business relationship. That sometimes means banks need to restrict, or in some cases go as far as closing, customers' accounts.

HSBC reviewed Mrs L's accounts prior to closing them. Having carefully considered the information HSBC have sent me, I'm satisfied it acted in line with its obligations when reviewing Mrs L's accounts.

HSBC is entitled to close an account just as a customer may close an account with it. But before HSBC closes an account, it must do so in a way, which complies with the terms and conditions of the account.

The terms and conditions of the account, which HSBC and Mrs L had to comply with, say that it could close the accounts by giving her at least two months' notice. And in certain circumstances it can close an account immediately or with less notice.

HSBC has explained and provided information as to why it closed Mrs L's accounts in the way it did. After carefully reviewing this information, I'm satisfied HSBC acted in line with the terms and conditions of the accounts when closing them with immediate effect.

I know Mrs L wants a proper explanation and feels that as a long-standing customer, she is entitled to one. But HSBC is under no obligation to do so. I would add too that our rules allow us to receive evidence in confidence. We may treat evidence from banks as confidential for a number of reasons – for example, if it contains security information, or commercially sensitive information. Some of the information HSBC has provided is information we consider should be kept confidential.

I note Mrs L questions what 'commercially sensitive' means in practical terms. In its simplest form it means information that could potentially compromise or prejudice HSBC's overall business integrity and operations.

Mrs L has said she was told that a branch member told her she should have been given 60 days' notice of the closures. What is clear from her testimony is that this was not an affirmative statement – more that this is what *should ordinarily* happen. The terms of the account, as I've said, say that HSBC can close a customer's account by giving two months' notice. So this is probably why Mrs L was told this.

But the terms also say an account can be closed immediately if certain conditions are met – also set-out in the terms. And, as I've already said, HSBC acted in line with its terms in closing the accounts immediately.

So I think Mrs L was told she should've been given two months' notice was an assumption based on general HSBC account closures, as opposed to anything specific about Mrs L's accounts. So I'm persuaded HSBC hasn't acted improperly here as the advice given was generic and not about its specific actions in relation to Mrs L's accounts.

HSBC has shown that it sent a letter to Mrs L on the day of the closures. As Mrs L realised her accounts had been closed that same day, I'm satisfied she hasn't suffered any delay in learning about the closures.

The letter, which I note is correctly addressed, also says Mrs L will be sent a cheque for any closing balances. It was unfortunate Mrs L was then away for around a week on holiday, so this delayed her speaking to HSBC to arrange to get the funds quicker than the process of receiving and depositing a cheque allowed. But when she did return to the UK and speak to HSBC, I note it cancelled the cheque and released the money to her the same day. I'm satisfied, under these circumstances, that HSBC couldn't have done more than it did.

Mrs L says this matter has caused her financial detriment in terms of direct debit charges and adverse credit information due to enforced late payments. She also says it has caused her and her family significant distress and inconvenience.

I do appreciate, and don't undervalue, that HSBC's actions would've caused Mrs L difficulty in the way she has explained. But having looked at what's happened in this particular case, I can see no basis on which I might make an award against HSBC given I don't think it has done anything wrong when closing Mrs L's accounts in the way it has.

So I'm not going to ask HSBC to compensate Mrs L for any distress and inconvenience this may have caused.

My final decision

For the reasons above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs L to accept or reject my decision before 5 March 2024.

Ketan Nagla
Ombudsman