

## **The complaint**

Mr R complains that HSBC UK Bank Plc closed his account without notice or explanation. He would like an apology and compensation.

## **What happened**

Mr R had accounts with HSBC. In March 2022 he found that he could no longer use his accounts. He was told they were under review, and he wouldn't be able to access the funds in them. He attempted to switch out the account, but this was blocked by HSBC.

In June 2022 HSBC then wrote to Mr R to say they were closing his account with immediate effect. They sent him a cheque for the remaining balance.

Mr R raised a complaint with HSBC, but the bank responded to say they didn't think they'd done anything wrong. They said the account had been inhibited in line with their statutory requirements, which meant they also couldn't carry out the switch. They pointed to the terms of their account, and said they were not obliged to provide a reason for the closure.

Unhappy with this answer Mr R referred his complaint to our service. One of our investigators looked into what happened but didn't think HSBC had done anything unfair or unreasonable. Mr R asked for an ombudsman to consider his complaint and the complaint was passed to me to decide.

After reviewing the file, I felt that the block and closure were reasonable, but it seemed HSBC probably could have released Mr R's funds sooner than they did. I suggested to HSBC that it would be fairest to pay 8% on these funds for this delay. They agreed to do this. I put this to Mr R and explained this was a fair outcome but did not receive a response. As such I'm now proceeding to my 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.

It's right to say HSBC, like all banks and regulated financial businesses in the UK, have legal and regulatory requirements to meet when providing accounts to their customers. This can mean that on occasion they need to review account activity, to better understand how their customer are using their accounts. This can also mean they need to prevent any further transactions while they do. There is provision for that in the terms of Mr R's account.

HSBC are under no obligation to discuss the reasons for the review with Mr R and have declined to do so here. That isn't unreasonable in itself. But they have given this information to our service. Our rules allow us to treat evidence such as this in confidence, so it wouldn't be appropriate for me to detail it here. But I'm satisfied that it was reasonable for HSBC to review Mr R's accounts, and to block any further transactions while they do so. This was in line with their legal and regulatory obligations.

Similarly, HSBC don't have to explain their reason for deciding to close an account, so long as they do so in line with the terms. I've reviewed what the terms say about when HSBC can close an account without further notice, and I'm satisfied that they apply here. I've no doubt Mr R was disappointed to suddenly find that he couldn't access his funds, and later to have his account closed. But I haven't seen anything to suggest HSBC were unreasonable in doing so. As such, I'm not asking them to do anything further in this regard.

I've also considered whether HSBC should have allowed Mr R to switch his account out. But I'm satisfied that as the account was blocked in line with their obligations, it wouldn't have been appropriate to allow the switch to go through. As such, I don't see that HSBC have been unreasonable in denying this, and I wouldn't look to compensate Mr R for it not going through.

That said, from what I've seen HSBC's review was completed by 22 April 2022. But it wasn't until 10 June 2022 that they issued a cheque for the balances Mr R held. Any review should be done within a reasonable timescale, and HSBC should allow the consumer access to their funds as quickly as possible after any review is completed. HSBC haven't been able to explain why there was such a delay, so I'm satisfied it wasn't reasonable to be holding Mr R's funds during this time.

As Mr R didn't have use of these funds during this time, I consider it fair for HSBC to pay 8% simple interest per annum on this amount during the period of this delay. This is to represent the lost opportunities from being deprived of these funds and is also in line with the debt judgements a court would typically award.

### **My final decision**

My final decision is that HSBC UK Bank Plc must pay Mr R 8% simple interest per annum on the total value of his funds between 22 April 2022 and 10 June 2022. If HSBC consider that HMRC require tax be deducted from this interest amount, they should provide Mr R with a certificate showing how much was deducted, should he ask for one.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 31 October 2023.

Thom Bennett  
**Ombudsman**