

The complaint

Mr S and Mrs P have complained that HSBC UK Bank Plc blocked their joint bank account, causing them difficulties when they needed to make important payments.

What happened

Mr S and Mrs P have banked with HSBC for a number of years. In September 2022, Mr S and his son visited an HSBC branch to open an account for his son. At the same time, Mr S updated his address record for his home overseas. This resulted in Mr S's address under the joint account being changed, but did not update Mrs P's address. Mr S says that from this point he was still able to use his account debit card, and to transfer money from the account.

HSBC states that in March 2023, post it had sent to Mr S and Mrs P was returned, and this led to a 'gone away' marker being added. It says this froze the account for security purposes. It also states that it sent an SMS alert to Mr S and Mrs P about this on 24 March.

In May 2023 Mr S attempted to pay for his son's accommodation from the HSBC account, but discovered that the account had been blocked. Mr S and Mrs P have stated that HSBC had not told them the account was blocked. They say that the fact they could not pay these accommodation costs caused them anxiety and stress. When Mr S called HSBC from outside the UK on 13 May, he was told about the 'gone away' marker, and he was informed Mrs P's address had not been updated. Mr S suggested to HSBC that as only Mrs P was marked as 'gone away', his debit card should not be blocked. Mr S had a lengthy discussion with HSBC providing further details, but this did not resolve the issue because HSBC needed to see identification and address verification for Mrs P to unblock the account.

HSBC treated the concerns Mr S had raised as a complaint, responding on 15 May. It explained that when mail is returned from an address it holds on record, it places restrictions on an account to protect the bank and customers from potential fraud. HSBC stated that Mrs P should send photographic identification and proof of address to one of its UK addresses. To apologise for the time Mr S had spent on the 13 May call, HSBC made a payment of £85.

Mr S and Mrs P mailed documents to HSBC on 22 May by registered post and receipt was confirmed on 26 May. After this they state that they chased HSBC for progress, but were told that they would need to wait for an update. Mr S and Mrs P say that, in light of the significant sum in the blocked account, and the fact they had to pay for their son's accommodation, they travelled to the UK on 9 June to resolve matters in an HSBC branch. They provided the required documents in the branch and the account was unblocked on 12 June.

Mr S and Mrs P brought a complaint to this service. They stated that HSBC's actions had caused them serious stress and financial loss. They suggested that only Mrs P should have been blocked from using the account whilst her identification and address was verified, and that HSBC should have told Mr S before applying a block so that the situation could be resolved. They were unhappy with the communication they had received from HSBC, and stated its actions had caused them to have to fly to the UK to get the account unblocked.

Whilst in the branch on 12 June, Mrs P also attempted to arrange telephone and online banking. However this was not successful, and when Mrs P was back home she received further forms to complete. Having returned them, she received a call from HSBC asking for details of investments, savings and property held. Mr S and Mrs P consider that at this time, HSBC was trying to profile them for investment purposes.

Our investigator did not uphold this complaint. Her view was that on balance HSBC had sent text messages to confirm that the account had been blocked to the two mobile phone numbers it held for the account. She also considered that it was reasonable for HSBC to restrict access to the account, even though Mr S's identification and address details had been verified, in light of Mrs P's address not having been updated. The investigator stated that at the time Mr S and Mrs P booked flights to the UK in June, there had not been a significant delay with HSBC removing the account block. She felt the payment of £85 by HSBC to reflect the cost of the call on 13 May was fair.

In terms of the difficulties Mrs P had encountered arranging online and telephone banking, together with the concerns raised that HSBC was attempting to obtain information for investment purposes, as these matters had not been raised as yet with HSBC, the investigator explained that we could not consider these matters under this complaint.

Mr S and Mrs P did not agree with the investigator's assessment. Mr S stated that HSBC had not taken the necessary steps to inform him that the account was blocked. In particular he stated that HSBC should have emailed to explain the issue regarding the address record before applying the block. Mr S reiterated that neither he nor his wife had received any text messages from HSBC about the account block. He commented that HSBC should have sent either a letter or an email, in line with FCA guidelines and standard banking practice.

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 outset, I should explain that I agree with our investigator's comments regarding the concerns raised about problems Mrs P had arranging online and telephone banking, and the comments made about HSBC gathering information potentially for investment purposes. If Mr S and Mrs P wish to do so, they should firstly raise these matters with HSBC, to allow it to comment on them. If they are unhappy with HSBC's response, they are able to bring a separate complaint to this service about these particular issues.

As Mr S has explained, after he updated his address with HSBC in September 2022, he continued to be able to use his joint account debit card, and transfer money. However, the account was blocked in March 2023 when post that HSBC had sent to Mr S and Mrs P was returned. In my view, it was reasonable at this time for HSBC to apply a 'gone away' marker and freeze the account, in order to protect both HSBC, and Mr S and Mrs P.

HSBC has provided evidence to show that on 24 March it sent an SMS alert about this to the numbers it held for both Mr S and Mrs P. I acknowledge that Mr S and Mrs P state that they did not receive this text message. However, based on the weight of evidence provided, my view is that it is more likely than not that HSBC did send these text messages.

Mr S has stated that HSBC was in error by failing to also contact him and Mrs P via email or letter at this time. HSBC's personal banking terms include the possibility that it will contact its customers via their mobile numbers. Overall, it seems to me that by attempting to contact Mr S and Mrs P about their account being blocked in the way that it did, HSBC acted reasonably, using a durable medium that was in line with its regulatory requirements.

It was clearly unfortunate that Mr S and Mrs P were not aware that their joint account was blocked until they attempted to pay for their son's accommodation costs. This led to a lengthy phone call between them and HSBC that took over two hours. I have listened to the recording of the call, and I appreciate why Mr S and Mrs P found this experience frustrating, particularly because it did not result in their account being unfrozen. However HSBC did apologise for the time that was spent on the call, and paid Mr S and Mrs P £85 to reflect that. In my view, this was a fair sum for HSBC to pay to reflect both the cost of this overseas call, and the time taken over it.

Subsequently Mr S and Mrs P sent in documentation for Mrs P in an attempt to unblock the account. But they say that they were unhappy with the lack of updates from HSBC regarding the situation, bearing in mind their need to pay their son's accommodation costs, and this led them to travel to the UK to ensure the account was unblocked. Mr S and Mrs P asked that HSBC compensate them for their travel costs, and for the stress and anxiety they had been caused as a result of the account being frozen.

Although I am sorry to learn about the distress this matter caused Mr S and Mrs P, as I have explained above, my view is that it was reasonable for HSBC to freeze the account when it applied the 'gone away' marker. With regard to travel costs, although I note that the account was unblocked after Mr S and Mrs P visited a UK branch of HSBC, on balance my view is that it was not necessary for them to come to the UK to resolve matters. It seems to me that the necessary documents could have been provided via the post, and consequently I do not consider HSBC should be required to provide compensation for travel. I also consider that HSBC were dealing with this matter in a reasonable timescale.

In conclusion, I have carefully considered what Mr S and Mrs P have said about the events that led to their account being blocked, and the subsequent actions that they took in order to reverse this. Although I appreciate this matter has caused them significant difficulties, my view is that HSBC acted reasonably in relation to the account, ensuring that the funds held in it were kept secure. Aside from the £85 compensation already paid, I do not consider that HSBC should be required to take any further actions in relation to this matter.

My final decision

My final decision is that I do not uphold this complaint, and I make no award.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs P and Mr S to accept or reject my decision before 19 February 2024.

John Swain

Ombudsman