

## **The complaint**

Mr D and Ms M complain that HSBC UK Bank Plc blocked their account and finally closed it. They would like a reason and their funds released.

## **What happened**

Mr D and Ms M had a joint account with HSBC.

In November 2022 the account was blocked. Mr D was given access to wages in branch with photo Identification.

On 20 June 2023 the bank gave Mr D and Ms M notice to close. They were given 60 days' notice and the account would close on 23 August 2023. The account remained blocked during the notice period. The account finally closed on 16 November 2023 and funds returned to Mr D and Ms M.

Mr D had other accounts with HSBC including a loan account. However, Mr D was unhappy that he couldn't pay his loan payments because his account was blocked. In this decision I am only looking at the issues that affect the joint account with Ms M. I am aware that there is another complaint dealing with the issues arising out of Mr D's personal accounts.

HSBC contacted Mr D to seek clarification regarding some payments into and out of his account. Mr D wouldn't answer questions regarding some transactions in his account.

HSBC said they were entitled to review the account and they were complying with their legal and regulatory obligations.

Mr D and Ms M complained to our service. One of the investigators looked into the complaint. She thought there had been delays in the investigation. She awarded compensation of £200 and 8% on the funds in the account from 30 January 2023 until the funds were released.

HSBC agreed with the view.

Mr D disagreed he said he still didn't know why HSBC had withheld his funds and the reason for or outcome of the review the bank carried out. He wants to know what he has done wrong. Mr D has said he thinks he has been discriminated against because of the country he was born in. He has done nothing wrong so he thinks this can be the only reason for his account closing.

As there was no agreement the matter has come 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.

I'll start by setting out some context for the review of Mr D and Ms P's account. UK legislation places extensive obligations on regulated financial businesses. Financial institutions must establish the purpose and intended nature of transactions as well as the origin of funds, and there may be penalties if they don't. This applies to both new and existing relationships. These obligations override all other obligations. I am satisfied HSBC were complying with these obligations when they reviewed Mr D and Ms P's account and asked Mr D to provide information about how he was operating his accounts.

In this case Mr D wasn't happy to answer questions regarding how he was operating his accounts. Ultimately, it is HSBC who decide what information they do or do not require as part of a review as they have a duty to protect their customer's money and understand where it came from. Because of that, I can't fairly conclude HSBC acted inappropriately when it asked Mr D to provide it with information about the way he was using his account.

Having considered the basis for HSBC's review, I find the review was legitimate and carried out in line with its legal and regulatory obligations, so, I'm satisfied HSBC acted fairly by blocking Mr D's and Ms M's account and had no obligation to tell them the basis of its concern or forewarn them of its intention. So, I can't say HSBC have done anything wrong when it decided to review Mr D and Ms M's account.

I understand Mr D wants HSBC to tell him the reason why the account was subject to review and blocked and what the review found. And why they subsequently closed the account. And provide him with the information it relied on to do so. But HSBC doesn't disclose to its customers what triggers a review of their accounts. And it's under no obligation to tell Mr D the reasons behind the account block, as much as he'd like to know. So, I can't say it's done anything wrong by not giving Mr D this information. And it wouldn't be appropriate for me to require it to do so. Having said that, I can see that HSBC did set out their concerns to Mr D about transactions on his account – that they suspected a conflict with their sanctions policy. And although Mr D didn't agree with the banks concerns and didn't provide HSBC with the information it needed; I'm satisfied its more likely than not that Mr D understood why HSBC restricted his account.

HSBC proceeded to close the joint account. It's generally for banks to decide whether or not they want to provide, or to continue to provide, banking facilities to any particular customer. Unless there's a good reason to do so, this service won't usually say that a bank must keep a customer or require it to compensate a customer who has had their account closed.

Banks should, however, give reasonable notice before closing an account. Usually that means 60 days' notice, but it can be less depending on the circumstances. Although Mr D and Ms M were informed of the account closure on 20 June 2023 and given two months' notice, the account remained blocked during this period. Given the concerns HSBC had about the way Mr D was operating his account and the fact he wasn't providing HSBC with the information they needed to comply with their legal and regulatory obligations, I don't think that's unreasonable. So, it was entitled to close the account as its already done and I can't say HSBC has acted unfairly.

### *Delay*

HSBC have agreed that there were delays in carrying out the review. The investigator has awarded £200 compensation for the delays as well as 8% interest on the funds from 30 January 2023 until the funds were released. Having looked at the evidence I'm satisfied there was a delay in carrying out the review and HSBC have agreed with the compensation figure suggested. Looking at everything I think £200 and 8% interest on the balance in the

account is a fair amount and in line with what we would award in these types of cases, so I've not seen anything to lead me to increase this figure.

Mr D has said the block on the account has prevented him from paying his loan. His payments haven't been made since November 2023. I appreciate that Mr D didn't have access to all the funds in the account, but I've already said HSBC were fair in blocking the account. However, in a letter dated 21 March 2023 Mr D was told he would need to contact the bank to make arrangements to pay for his loan differently – so I'm satisfied he was aware that his loan wouldn't be paid, and it was his responsibility to find another method to pay the loan instalments.

Mr D has said he has been discriminated against because of the country he was born in. He has done nothing wrong so he thinks this can be the only reason for his account closing. While I appreciate this is his perspective, I want to clarify that this service is unable to make a finding on whether or not something constitutes discrimination as per the Equality Act, only the courts have the power to decide this.

I have, however, considered the relevant law in relation to what Mr D has said when deciding what I think is the fair and reasonable outcome. Part of this has meant considering the provisions of The Equality Act 2010. But after doing so I've not seen evidence to indicate HSBC's behaviour was improper.

In summary I know Mr D will be disappointed with my decision, but I'm satisfied HSBC acted fairly when they reviewed, blocked and closed his joint account. However, the review was delayed, and HSBC should pay Mr D and Ms M compensation as outlined below.

### **My final decision**

For the reasons stated above I partially uphold this complaint. I direct HSBC UK Bank Plc to pay Mr D and Ms M £200 compensation for the delays in the review, together with 8% simple interest on the balance in the account from 30 January 2023 to the date their balance was returned to them.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D and Ms M to accept or reject my decision before 5 July 2024.

Esperanza Fuentes  
**Ombudsman**