

The complaint

Miss H complains HSBC UK Bank Plc unfairly stopped her accessing her bank account and provided very poor customer service when she tried to resolve the matter. She says her wellbeing was profoundly affected and HSBC should apologise and pay her compensation.

What happened

The following repeats the same facts I relayed in my provisional decision. I repeat them here for the purposes of issuing my final decision.

Miss H held a current account with HSBC which was opened in 2023. HSBC restricted her access to the account on 21 August 2023 to carry out a review.

Miss H rang HSBC to ask why she couldn't access her account. They said her account was under review and they couldn't tell her anything further. HSBC acknowledge they incorrectly told Miss H to attend a branch, where said she was asked private questions in front of other customers which left her feeling humiliated.

Miss H has a medical condition related to her well-being and also had serious burn wounds at that time following an accident. She says travelling and attending branch caused her considerable discomfort and inconvenience. She has provided medical information to our service, which I thank her for.

Miss H raised a complaint when discovering her account was under review. HSBC responded to say the review was still in progress and they didn't have to tell her why. They did however agree to send her benefit payments to another account she had opened with another bank. They also said they shouldn't have asked her to go to a branch, so they paid her £100 for the cost of her travel and the impact attending branch had on her.

Miss H says not having access to her funds meant she was without food for a week, and she couldn't make important essential payments, including paying for medication.

During the time of the block Miss H called HSBC on several occasions. She says some of the advisors were rude and treated her as if she was a criminal. In particular she says:

- One advisor discussed her private banking details in the presence of other persons when they were working from home
- Another advisor shouted at her when discussing a re-debit of a payment she had previously raised as a chargeback
- Another advisor spoke to her sister when HSBC hadn't allowed their payment to credit Miss H's account and she was told this was due to fraud concerns, which breached Miss H's personal data.

Miss H also says HSBC unfairly debited several payments from her account, one of which put her into an unauthorised overdraft. HSBC say the payments were re-debits of previous refunds they had made in relation to chargebacks Miss H had made previously. Those payments were re-credited to her account later on.

Miss H made a freedom of information request to HSBC to find out what their reason for blocking her account was. HSBC told her freedom of information requests don't apply to them to as they are a corporate body. She also says HSBC didn't provide her with her bank statements which she had requested.

HSBC closed Miss H's account on completing their review and Miss H received her balance in November 2023.

In May 2023 I issued a provisional decision in which I increased the compensation our investigator recommended. My findings were:

"Access to funds

I've listened carefully to how Miss H says she was impacted by the restrictions on her account, and I'm sorry to hear how she was affected. But I find HSBC were able to block her account to carry out a review and this was in line with their legal and regulatory obligations.

Miss H thinks she is entitled to know HSBC's reasons, which is understandable as many people would of course want to know why their bank is preventing them from using their account in the way they expect. But currently banks aren't obligated to give their reasons and I understand why HSBC didn't reveal them to Miss H, so I don't require them to now.

Miss H thinks HSBC may have discriminated against her due to her ethnicity or job status, but I'm satisfied HSBC's reasons for blocking her account don't relate to a protected characteristic or employment. I'm also satisfied that the Freedom of Information Act 2000 applies only to public authorities, so not corporate entities such as HSBC.

Miss H said she wasn't able to eat or pay for medication as a result of the block. But on reviewing the account history, the account had a balance of approximately £47 at the time of the block after debits for purchases. Her benefit payment credited four days later, which she was able to access that same day. I note she also lives with her sister and shares expenses.

So, while I don't doubt Miss H found the restriction very distressing, I'm not persuaded it resulted in her not accessing food or medication.

Restricting access to a customer's account, while often an understandable step to take when carrying out a review, carries with it the prospect of causing avoidable detriment if a review is not progressed in a timely manner. HSBC haven't shown they couldn't have completed their review much sooner than they did, which would have likely resulted in the earlier closing of Miss H's account and the release of the funds she hadn't been able to transfer out during the time the block was in place.

Without further evidence to the contrary, I find one week from the time of the block would have been a reasonable period for HSBC to have concluded their review and allowed Miss H to receive her remaining funds.

So, HSBC should pay her 8% simple interest per annum on her account balance calculated daily from 28 August 2023 until the time she received her funds, excluding any period where

her account was overdrawn and excluding funds they allowed her to transfer to her other account during the time the block was in place.

Customer service

I've been able to listen to the calls our investigator couldn't. Miss H has specific recollections about what transpired on those calls, so it's important I comment on them.

I've listened to the call where Miss H was first advised her account was blocked due to a review. The call advisor's tone was generally courteous and clear, although Miss H was understandably unhappy on discovering her account was being reviewed, she wouldn't be able to access her account online or use her card, and she wouldn't be told why.

Miss H asked several questions while the advisor was speaking and was dissatisfied with the advisor's responses, specifically surrounding there being no more information she would be told. Objectively this is a difficult message to give and also to hear. At one point the advisor could have refrained from saying they couldn't "sugar coat" the information they were giving when pressed further by Miss H. But, while I don't doubt Miss H was very concerned by what she was being told, I don't find the advisor's tone warrants compensation. Miss H wanted to speak to their manager, and from HSBC's records a manager did try to ring on 23 August 2023, but there was no answer. I haven't found evidence to show the advisor disconnected the call to HSBC's support team.

I've listened to the call where Miss H feels she was shouted at. I disagree that she was shouted at or that the advisor was unprofessional. I see the call was terminated due to poor reception with the call cutting out, so the advisor terminated the call after they couldn't hear Miss H for a reasonable period of time, explaining that they would send an email.

I've listened to the call Miss H's sister had with HSBC about the payment she tried to make which didn't credit Miss H's account. I don't find the questions Miss H's sister was asked breached Miss H's personal data.

I'm aware Miss H was unhappy at not receiving responses she expected when she wrote to the executive office of HSBC. But I'm satisfied that HSBC as a bank did respond to most of her correspondence even if she was unhappy with what they said. She was given referral rights to our service, and I don't find it reasonable to award compensation on this point.

Attending branch

Miss H unfortunately suffered an accident which left her with burn injuries, so I don't doubt she experienced unnecessary discomfort and inconvenience by travelling to and attending branch, which could have been avoided. HSBC paid her £100 (£50 for the cost of her travel and £50 for the inconvenience and upset she was caused).

Miss H also found discussing private matters in branch distressing, and as HSBC say she shouldn't have had to attend branch, her feeling of humiliation could have also been avoided.

Given what Miss H has said about her medical situation affecting her physical and mental health, I find a further £300 in addition to the £100 she received previously is a proportionate amount to compensate her for both her travel costs and how she was affected due to her vulnerability.

Chargeback re-debits

Miss H received an unauthorised overdraft notification which resulted from the re-debit of a payment which was refunded when she had raised a chargeback. The re-debit did result in a brief period where there was a debit balance on the account. There was also a smaller amount re-debited following an initial refund when a different chargeback was raised, which Miss H was unhappy about.

It's common for banks to initially credit an account with a refund when they raise chargebacks to the card scheme provider, which then might be re-debited depending on the outcome. I haven't seen in either case that HSBC needed to do anything more under the chargeback scheme rules, but they later decided to refund both sums to the account, so Miss H did in effect did get both amounts refunded.

HSBC hasn't evidenced they went through what the refund meant with Miss H, so I understand the re-debits would have worried her more than they might have otherwise. So, I am awarding a further £50 for the distress and inconvenience this caused.

Bank statements

Miss H has said she has asked HSBC for banks statements for some time but hadn't received them. I haven't seen evidence to show she raised this as a formal complaint with HSBC and received a written acknowledgment in relation to it. I would however recommend that HSBC sends her copies of her statements from August 2023 until Miss H's balance was returned to her."

HSBC responded and agreed to pay Miss H an offer in line with what I provisionally decided. They also provided copies of Miss H's statements.

Miss H responded to my provisional decision, making several points.

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've decided to uphold Miss H's complaint for the same reasons I gave in my provisional decision. Those reasons are copied above, and now form my findings for this final decision.

I've carefully listened to what Miss H said but my decision hasn't changed as a result. I've found it relevant to provide further comment as follows.

Miss H was concerned she couldn't access her account online, but HSBC didn't need to give prior notice of their review or that they would block the account. It's common practice in retail banking to block access to carry out a review without prior notice, and Miss H found out about the block shortly afterwards. I don't doubt she was caused distress by discovering she couldn't see and use her account as she wanted, particularly given she says it was her only account, and I was concerned to hear about the impact she says this had on her. But, after considering HSBC's reasons for restricting her accounts, I'm satisfied they acted in line with their legal and regulatory obligations.

Miss H referenced HSBC's having a substantial part of its operations in another country and related this to her belief she was discriminated against. But I have reviewed HSBC's reasons for restricting her account, and they were unrelated to any protected characteristic Miss H may have. Instead, I find their reasons were legitimate. Miss H is of course left to speculate

on those reasons, but HSBC is not obligated to reveal them, and I have treated them in confidence. I find they are of a commercially sensitive nature, and they justify why HSBC blocked her account and carried out a review.

Although this was stated previously in my provisional decision, I was able to listen to the calls our investigator was unable to. So, my findings are based on the calls themselves. I cannot document the HSBC advisor's names in this decision, as decisions are published, so third parties need to be anonymised, including HSBC employees. But as I said in my provisional decision, I don't find Miss H was shouted at when discussing the re-debit of the refund for the chargeback. Neither do I find the person she spoke to who explained her account was under review and she wouldn't be told why acted on the whole unprofessionally – this is the person she described as extremely rude and who talked to her as if she had committed a serious crime.

Miss H says she remembers what her sister was told as the call was put on loudspeaker. But on listening to the call, while her sister was asked questions about the payment and her relationship to Miss H, which HSBC were entitled to ask, they did not refer to Miss H as a fraudulent person, they did not state Miss H shouldn't be trusted and they didn't tell her not to make payments to Miss H. I haven't found HSBC acted inappropriately or breached Miss H's personal information when they spoke to her sister.

Chargebacks are governed by the card scheme provider's rules, so any initial refund is subject to whether the chargeback is successful. Miss H says she ought to have been asked for evidence before the re-debiting of chargeback refunds. During her phone call with the advisor (who she said shouted at her), they said the merchant defended the claim by showing evidence the goods were delivered, and HSBC were satisfied by this. Miss H said she didn't sign for the parcel and that sometimes the postman signed for parcels. I'm satisfied that HSBC didn't need to pursue the matter further under the card scheme rules based on the representation they received from the merchant, and they were entitled to re-debit their refund. HSBC did, however, later refund the sum to the account again, so I don't find they need to do anything more.

Regarding the re-debit of the larger sum which brought Miss H into a temporary overdraft, HSBC rectified matters and refunded the sum again, so I don't find she has lost out financially. And I'm satisfied the compensation I am awarding is appropriate to account for the concern she was caused.

Miss H says her sister wouldn't have been able to help support her financially during the time she couldn't access her funds. Whether or not this is the case, I don't find the balance Miss H held at the time of the block before her benefit payment credited the account (which was transferred to Miss H the day it credited the account) reliably demonstrates that by not having access to that balance she went without access to food or medication for a week.

Miss H said I was incorrect by making a finding that she had a choice about which branch to attend. I have not made this finding, and I think Miss H is referring to a previous finding made by our investigator.

Putting things right

Subject to Miss H accepting my final decision by the deadline, I require HSBC UK Bank PLC to pay her £350 for her travel costs to branch and the distress and inconvenience she experienced as a result of the failings I have identified above.

HSBC should also pay her 8% simple interest per annum on her account balance calculated daily from 28 August 2023 until the time she received her funds, excluding any period where her account was overdrawn and excluding funds they allowed her to transfer to her other account during the time the block was in place.

My final decision

My decision is I uphold Miss H's complaint. HSBC Bank UK PLC must pay her redress according to my instruction above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss H to accept or reject my decision before 3 July 2024.

Liam King
Ombudsman