

The complaint

Mr J is unhappy that HSBC UK Bank Plc closed his basic bank account without notice. He'd like compensation and the account reopened.

What happened

On 26 November 2022 Mr J opened a basic bank account with HSBC.

On 30 January 2023 HSBC sent Mr J a letter letting him know that they were closing his account with immediate effect.

Mr J complained to the bank about their decision to close his account. But, HSBC thought they'd acted fairly and followed the terms and conditions of his account when closing it.

Mr J wasn't happy with HSBC's response so complained to our service.

He explained the situation had been very stressful. He'd just set up a business and was transacting through his HSBC account. He'd like the account reinstated or an account upgrade.

One of our Investigators looked into Mr J's complaint. They requested information from HSBC and highlighted that the account closed was a basic bank account – and therefore HSBC needed to follow the Payment Account Regulations (PARs) 2015 when closing it.

On reviewing their decision HSBC responded, and thought they should have given Mr J two months' notice of the account closure. So they offered Mr J £200 for the distress and inconvenience caused. But, Mr J wanted our Investigator to continue looking into his complaint.

Our Investigator didn't think that HSBC provided sufficient evidence to justify their decision to close Mr J's account. They thought the offer of £200 compensation HSBC made was fair, but thought HSBC should also reopen his account or provide him another basic bank account.

HSBC didn't agree and they provided further evidence to justify their decision.

As both parties haven't reached an agreement it's been passed to me to decide. On picking up this complaint I asked HSBC to provide further evidence to support their decision – which has now been shared with our service.

On reviewing all of the evidence I reached a different conclusion to our Investigator. I thought HSBC acted fairly in closing Mr J's account with immediate notice. And I asked both parties to respond to indicate whether they accepted my Provisional decision and to provide any further evidence for me to consider.

Mr J responded to say he'd like to accept the offer that was previously made.

HSBC accepted my decision. And they also advised as I'd concluded in my decision they hadn't acted unfairly they'll withdraw their offer.

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.

In my Provisional decision I said:

HSBC made its submission in confidence. Our rules allow this; it's then for me to decide whether it's fair to rely on evidence that only one party has seen. It's not a one-sided rule; either party to a complaint can submit evidence in confidence if they wish to, and we'll then decide if it's fair to rely on it.

Here, the information (and its source) is sensitive and on balance I don't believe it should be disclosed. But it's also clearly material to the issue of whether HSBC has treated Mr J fairly. So I'm persuaded I should take it into account when deciding the outcome of the complaint.

HSBC can only close accounts in certain circumstances and if it's in the terms and conditions of the account. As our Investigator highlighted Mr J's account was a basic bank account – and therefore on closing HSBC must also follow the PARs 2015 Regulation 26 (2) of the act explains that a bank can only close a basic bank account if one of the specific conditions is met. These are listed at www.legislation.gov.uk/uksi/2015/2038/part/4/made

I've reviewed the PARs and the evidence HSBC have supplied our service. I appreciate this will disappoint Mr J, but having done so I'm satisfied that HSBC complied with the PARs 2015 when closing his account. This means I can't fairly conclude that HSBC acted unfairly in closing his account, or in closing it with immediate notice.

I'm aware that HSBC have made an offer of £200 to Mr J. I'm not aware if this offer is still available, but if Mr J would like to accept this he'll need to contact HSBC directly.

For the reasons I've outlined above I'm not planning to ask HSBC to do anything further.

Neither HSBC or Mr J presented new evidence for me to consider. Instead Mr J advised he wanted to accept the offer HSBC previously made – however HSBC have now advised our service they've withdrawn this. I realise this will disappoint Mr J but I can't say this is unfair. As I explained in my Provisional decision I'm satisfied HSBC acted fairly in closing Mr J's account immediately. As I've concluded HSBC actions were fair I won't be asking them to pay the withdrawn offer.

For the reasons I've explained above I won't be asking HSBC to do anything further here.

My final decision

My final decision is I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 1 April 2024.

Jeff Burch
Ombudsman