

The complaint

Mr M complains HSBC UK Bank Plc ("HSBC") closed his personal accounts and did so without explanation. He also complains that HSBC are incorrectly holding him liable for debts on two of these accounts which has adversely affected his credit file.

Mr M says HSBC's actions have caused him financial detriment, and substantive distress and inconvenience.

What happened

The details of this complaint are well known by both parties, so I won't repeat them again here in detail. Instead, I'll focus on setting out some of the key facts and on giving my reasons for my decision.

To be clear, this decision doesn't deal with any complaints about the application of a CIFAS fraud marker against Mr M by HSBC. That complaint has been dealt with by another Ombudsman under a separate complaint reference number at this service.

In September 2022, following a review, HSBC notified Mr M it was closing his accounts with immediate effect. HSBC returned around £187 to Mr M representing the balance of his savings account. HSBC has held Mr M liable for debts on his personal credit card and current account. Mr M says the debt he is being held liable for is wrong especially as his records show the balances were nil at closure.

Mr M complained to HSBC. He then referred his complaint to this service. One of our Investigator's looked into Mr M's complaint and recommended it not be upheld. In summary, their key findings were:

- HSBC closed Mr M's accounts in line with its obligations and terms of account
- Mr M has claimed his credit card and current accounts should've closed with a zero balance. But HSBC has provided evidence to the contrary
- HSBC has shown Mr M's direct debit to pay his August 2022 credit card account was returned unpaid. It has also shown that correspondence was issued to Mr M confirming the balance owed and requesting payment. Such letters were sent monthly until a final demand was sent in March 2023
- HSBC has also shown that Mr M's current account had an outstanding balance at closure. Mr M was similarly sent letters about repaying this debt on a regular basis until a final demand for payment was issued in January 2023

Mr M didn't agree with what our Investigator said. He made several points for our Investigator to consider. In summary, some of the key points he made were:

- HSBC has contravened its banking terms and conditions by closing the accounts when an outstanding debt is still payable

- The terms of the account related to when accounts can be closed with immediate effect do not apply to Mr M's situation
- HSBC's failure to issue him with a final response to his complaint has hindered his ability to seek a timely resolution, and exacerbated the distress and inconvenience he's suffered
- HSBC's actions have caused him substantive distress and inconvenience
- Other Ombudsmen have reached different outcomes when determining similar complaints

Our Investigator responded to these points. In short, they said:

- Mr M's credit screenshots do not overrule or outweigh the clear evidence HSBC has given which shows he owed these debts
- HSBC has met the requirements to close the accounts in the way it did
- The issues with the complaints handling process didn't prevent Mr M from bringing his complaint to this service
- Whilst Mr M's mental and physical health may have been adversely affected, HSBC was entitled to take the actions it did

As there is no agreement, this complaint has been passed to me to decide.

What I've decided – and why

I'm very aware that I've summarised the events in this complaint in far less detail than the parties and I've done so using my own words. No discourtesy is intended by me in taking this approach. Instead, I've focussed on what I think are the key issues here. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

If there's something I've not mentioned, it isn't because I've ignored it. I'm satisfied I don't need to comment on every individual argument to be able to reach what I think is the right outcome. I do stress however that I've considered everything Mr M and HSBC have said before reaching my decision.

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Having done so, I have decided to not uphold this complaint. I'll explain why.

Account closures

Banks in the UK, like HSBC, are strictly regulated and must take certain actions in order to meet their legal and regulatory obligations. They are also required to carry out ongoing monitoring of an existing business relationship. That sometimes means banks need to restrict, or in some cases go as far as closing, customers' accounts.

HSBC has explained and provided supporting evidence as to why it reviewed Mr M's account. I'm satisfied it did so in line with its obligations.

HSBC is entitled to close an account just as a customer may close an account with it. But before HSBC closes an account, it must do so in a way, which complies with the terms and conditions of the account.

The terms and conditions of the account, which HSBC and Mr M had to comply with, say that it could close the account by giving him at least two months' notice. And in certain circumstances it can close an account immediately or with less notice.

HSBC closed Mr M's accounts with immediate effect. Mr M argues HSBC didn't do this in line with the reasons as set-out in the terms and conditions of the account. I have considered this matter very carefully. Based on the explanation and evidence HSBC has given me, I'm satisfied it acted in line with the terms of the account in closing the accounts in the way it did.

I know Mr M would like a detailed explanation of why HSBC acted in this way. But HSBC is under no obligation to do so. I would add too that our rules allow us to receive evidence in confidence. We may treat evidence from banks as confidential for a number of reasons – for example, if it contains security information, or commercially sensitive information. Some of the information HSBC has provided is information we consider should be kept confidential.

So to be clear, I am not persuaded HSBC has breached the terms of the accounts in closing them – including with outstanding debts.

Credit card and current account debts

Mr M says the debts he's being held liable for are incorrect given the accounts both closed with a zero balance. HSBC has provided me with statements and technical information which shows these debts were owed by Mr M.

I note the confusion with the credit card balance, but that is most likely because his direct debit payment was returned unpaid in August 2022. This would've meant for some time before the payment was corrected as unpaid, his balance would've have been positively different.

I've also seen that Mr M was sent regular - at least monthly – correspondence to make payment against his debts. Both accounts were also sent a final demand letter. I note also that HSBC's correspondence made it clear what Mr M needed to do to get help if he was having problems paying. Overall, I'm persuaded HSBC has acted as I would expect. It follows that any adverse credit information applied to Mr M's files because of this has been done as an accurate reflection of the status of these accounts.

Complaint handling

Mr M says that HSBC's poor handling of his complaint has prevented a timely resolution of it. But Mr M's right to refer his complaint to this service has not been affected and given it didn't uphold his complaint once this service got involved, I don't think this would have made any difference.

Mr M says HSBC's actions have caused him extensive distress and inconvenience to the extent of affecting his wellbeing. But as I don't think HSBC has done anything wrong, I see no basis on which to award any compensation for any distress and inconvenience Mr M suffered.

Lastly, and for the sake of completeness, I have decided this complaint on the available evidence, and arguments based on what's fair and reasonable in the circumstances of it. So,

though I'm grateful Mr M has sent me other decisions issued by other Ombudsmen at this service, I have determined his complaint in line with my statutory duty.

My final decision

For the reasons above, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 19 July 2024.

Ketan Nagla
Ombudsman