

The complaint

Mr L complains that HSBC UK Bank Plc trading as first direct ('first direct') closed his bank accounts and didn't give him a reason why. He wants an apology and for the accounts to be reopened.

What happened

Mr L had bank accounts with first direct for many years.

In October 2023 first direct wrote to Mr L to let him know that it had decided to close his savings and his current account. It provided him with two months' notice and said the accounts would be closed in December 2023. If he were to switch to another provider this would have to be outside the HSBC group.

Mr L called first direct the day after the accounts were due to be closed and said he'd received a text from his telephone provider to say that his direct debit payment had failed and was calling to see why that was the case. He was also unable to access his accounts online. Mr L spoke to a number of advisors after being cut off and was told that his accounts had been closed and was asked where his balance of £30 should be sent to.

Mr L said he hadn't received the notice to close letter as he does not live in the UK permanently. He said he suspected his accounts might be closed as this was also the case with other accounts he holds in the same banking group. Mr L said that accounts he holds in another jurisdiction were being investigated and thought that this might be the reason why his accounts were being closed. A complaint was raised on his behalf.

first direct responded but didn't uphold Mr L's complaint. It said it was acting within its terms and conditions and that its decision wouldn't be changed.

Mr L brought his complaint to us and said he believed that first direct had decided to close his accounts because he had complained about it in the past. He said he had been a first direct customer for over 20 years and was significantly affected by what had happened. He said it caused him stress and worry and was concerned that he couldn't defend himself especially as he didn't know the reason the accounts were closed. He said he'd like for the accounts to be reinstated and an apology for the stress and worry he suffered.

One of our investigators reviewed Mr L's complaint but didn't uphold it. She thought first direct was acting in line with its terms and conditions and also its legal and regulatory obligations when it reviewed and then closed the accounts.

Mr L didn't agree and asked for an ombudsman's decision. He said he thought his accounts were closed due to him making previous complaints about first direct's service and previous errors including failing to deal with a data subject access request he had made.

Our investigator responded to Mr L and said that though she is unable to share first direct's reasons for closing his account she was able to say that it wasn't due to him complaining in the past.

The matter was then passed 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'd like to start by saying that I have considered all the arguments and evidence provided by both parties, but in this decision, I will be referring to and focusing on what I consider to be the main points. No discourtesy is intended by this. We aim for our decisions to be as concise as possible.

Turning to first direct's decision to close the accounts, it might be helpful if I start off by explaining that our service doesn't punish or fine businesses, and it's also not our place to say that a procedure the business follows is incorrect. Only the industry regulator, the Financial Conduct Authority (FCA), can do this. As our investigator said, first direct has important legal and regulatory responsibilities to meet when providing accounts to customers. Those obligations are ongoing and don't only apply when an account is opened. They can broadly be summarised as a responsibility to know its customers, monitor accounts, verify the source and purpose of the funds as well as detect and prevent financial harm. first direct may need to review accounts to comply with these responsibilities.

I've also considered the basis for first direct's review, which I find was legitimate and in line with its legal and regulatory obligations. I should also add that I don't think first direct is under any obligation to disclose to its customers what triggers a review of their accounts. For this reason, I can't say that it's done anything wrong by not giving Mr L this information. And it wouldn't be appropriate for me to require it to do so.

first direct's terms and conditions say that it can close an account by giving two months' notice or with immediate effect in certain circumstances.

Having looked at all the evidence and the terms and conditions I'm satisfied that first direct was acting fairly and reasonably when it decided to close the accounts by giving Mr L two months' notice. first direct has provided some further details of its decision-making process which, unfortunately, I can't share due to its commercial sensitivity. But I've seen nothing to suggest that first direct's decision around closing Mr L's accounts was unfair.

Furthermore, it's generally for financial institutions to decide whether or not they want to provide or continue to provide banking facilities to a particular customer. Each financial institution has its own criteria and risk assessments for deciding whether to open or close

accounts and providing an account to a customer is a commercial decision that a financial institution is entitled to take. Unless there is a very good reason to do so, this service won't usually say that a financial institution must keep a customer or require it to compensate a customer who has had their account closed.

Mr L said he didn't receive notification that his accounts were going to be closed as he didn't receive the letters as he lives abroad. first direct has said that the notice of closure was also sent to Mr L via secure message to his online banking account and that its systems say that it was opened and read. It has provided a copy of its system notes which say that a message was read the day after the notice of closure was sent. I think first direct has shown that it did enough to bring the notice to Mr L's attention. On balance I also think the message was read though Mr L may not recall. But in any event Mr L said that he expected that his accounts would be closed as they were also closed by other banks in the same banking group. The letter was also posted to Mr L's address. I have looked at the letter and I see that it was sent to the correct address so, again, I think first direct did enough to bring it to Mr L's attention.

Mr L understandably would like to know the reason why first direct decided to close his accounts. As I said above, first direct doesn't need to give him a reason why, as much as he'd like it to. The same would apply to Mr L if he had decided to change to another bank.

Mr L said he believed that first direct's decision may have had something to do with him raising complaints against it in the past. He said those complaints were justified. From what I have seen, first direct's decision didn't relate to Mr L raising complaints in the past.

Mr L said he'd also like assurances that no negative markers will be logged against him which might affect his ability to bank in the UK. As far as I am aware first direct has not registered any such markers against Mr L. If Mr L does become aware of this in future he is free to bring a further complaint.

I appreciate Mr L was very disappointed with first direct's actions. As he has said he was a loyal customer for many years. So I can see why he would be disappointed and frustrated to be told he is no longer going to be its customer and not given a reason why. But for the reasons above, I think first direct's actions were fair and reasonable in the specific circumstances.

My final decision

For the reasons above, I have decided not to uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 15 November 2024.

Anastasia Serdari
Ombudsman