

The complaint

S, a company, complains that HSBC UK Bank Plc delayed in lifting restrictions it had placed on its business current account. The complaint has been brought by its director, whom I'll refer to as Mr L.

What happened

In June 2022 HSBC placed restrictions on S's current account with it, while it carried out investigations. S complained to this service, and one of our investigators considered its complaint. In March 2023 he issued an assessment of that complaint, concluding that HSBC had acted fairly. Specifically, he thought that the restrictions had not been unfair and that there had been no avoidable delays in the bank's investigation. The investigator did not recommend that the restrictions be lifted or that the funds in the account be returned to S.

The investigator indicated that S could, if it did not accept his assessment, ask that an ombudsman review the case.

S did not ask for an ombudsman's review of its initial complaint. Instead, in July 2023, it raised a new complaint. HSBC responded to say that it was satisfied S had been treated fairly in respect of the restrictions placed on the account. It acknowledged however that there had been delays in dealing with and responding to the new complaint, for which it offered compensation of £50. At the same time, it gave notice that it would be closing S's account. The account was closed in September 2023.

A different investigator issued an assessment of S's second complaint in April 2024. She explained that she was not re-examining the first complaint, since this service had already addressed it. She did however consider what had happened since March 2023. She noted that HSBC appeared to have concluded by the end of May 2023 that any restrictions on the account could be lifted. However, S was not given proper access to its account until 21 June 2023, around three weeks after that decision was taken. (A transfer of just over £30,000 had however been made on 1 June 2023, to repay the balance of a loan.)

The investigator thought that the delay between 1 and 21 June was unreasonable and recommended that HSBC pay interest on the account balance at 8% a year for this period. She also recommended that the bank pay S £150 in recognition of the inconvenience to which it had been put.

HSBC accepted the investigator's recommendation, but Mr L, on behalf of S, did not and asked that an ombudsman review the case.

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.

As the investigator noted, this service has already considered S's complaint about the bank's decision to restrict its account. I have not therefore revisited that issue, save to note that the first investigator did not uphold that complaint. I have limited my review to what happened after the first investigator issued his assessment, as the second investigator did.

HSBC concluded around the end of May 2023 that restrictions on the account could be lifted. I do not believe the time taken to reach that conclusion was unreasonable.

Having decided that restrictions could be lifted, however, HSBC should have then acted on that decision and allowed S full access to its funds. It did not do so for another three weeks. In the circumstances, I agree with the second investigator that it is fair for HSBC to pay interest on funds in the account for that period and to pay some further compensation in recognition of the inconvenience to which S was put as a result. I agree that £150 is a fair sum.

Putting things right

I note that HSBC has agreed to the investigator's recommendation and offered to settle S's complaint on the same basis. I will nevertheless make a formal award, so that offer remains open for acceptance and so that S can enforce it if necessary.

My final decision

For these reasons, my final decision is that, to resolve S's complaint in full, HSBC UK Bank Plc should pay it:

- interest on the account balance at 8% a year simple from 1 to 21 June 2023; and
- £150 in recognition of the inconvenience to which S has been put.

Under the rules of the Financial Ombudsman Service, I'm required to ask S to accept or reject my decision before 9 July 2024.

Mike Ingram

Ombudsman