

The complaint

Mr L complains that HSBC UK Bank Plc 'HSBC' closed his bank accounts and didn't give him a reason why. He wants compensation, an apology and for the accounts to be reopened.

What happened

Mr L had bank accounts with HSBC for many years.

In October 2023 HSBC wrote to Mr L to let him know that it had decided to close his savings accounts and his current account. It provided him with two months' notice and said the accounts would be closed in January 2024. HSBC said Mr L could continue to use the accounts during the notice period. If he were to switch to another provider this would have to be outside the HSBC group. The letter also said that Mr L's mortgage accounts would remain open.

Mr L called HSBC a few days later and asked if there was anything he could do to prevent the accounts from being closed. He said he had done nothing wrong and felt he had been discriminated against because he had been working abroad for a few years. A complaint was logged on his behalf.

HSBC 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.

Just before the accounts were due to be closed Mr L called HSBC to say he had left enough money in one of his accounts so that his next mortgage payment would be paid. He says he was advised to go into a branch with his passport to see if he could find out more about why his accounts were being closed. Mr L said it could be because he had previously made complaints, but they were justified.

Mr L said he went into a branch and was there for two hours but no one could tell him why his accounts were closed. He said there were no negative markers against him.

A few days after the accounts were closed Mr L called HSBC and said that despite leaving money in his account for his mortgage payment, it didn't go through. The member of staff he spoke to told him that a cheque for the balance which was on the account (£529) was on his way to him instead.

Mr L said he then arranged for his mortgage payments to be made from an external account. He called HSBC in February 2024 to say that his payment hadn't gone through. The member of staff he spoke to confirmed that they could see a payment had been attempted but didn't

go through. Mr L said he was concerned this could affect his credit rating. He called back the following day to try to make the payment using another method.

Mr L brought his complaint about his account closures to us on the same day. He said he had been an HSBC customer for over 30 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, an apology and compensation for the stress and worry he suffered.

One of our investigators reviewed Mr L's complaint but didn't uphold it. She thought HSBC was acting in line with its terms and conditions and also its legal and regulatory obligations when it reviewed and then closed the accounts. She didn't comment on the issues with the mortgage payments as this was raised as a separate complaint.

Mr L didn't agree and asked for an ombudsman's decision. He said he felt compensation was warranted due to him being misadvised a number of times regarding his accounts being closed. He said he should not have been advised to go into branch if there was no possibility of him reopening his accounts. He also said he wanted assurances that there would not be any negative markers against him that could impact his ability to bank in the UK.

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. I should also explain that this decision is only about the closure of Mr L's bank accounts and not about his mortgage accounts. That complaint has been considered separately by another ombudsman.

Turning to HSBC'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, HSBC 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. HSBC may need to review accounts to comply with these responsibilities.

I've also considered the basis for HSBC'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 HSBC 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.

HSBC'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 HSBC was acting fairly and reasonably when it decided to close the accounts by giving Mr L two months' notice. HSBC 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 HSBC'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 understandably would like to know the reason why HSBC decided to close his accounts. As I said above, HSBC 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 HSBC'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, HSBC'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 HSBC 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.

Mr L is unhappy about the advice he was given particularly when he was told to go into branch which he feels was a waste of time. I have listened to the call Mr L has referred to and I can understand why Mr L would be frustrated but this isn't something I'd be minded to award compensation for. I say this because during the conversation it was Mr L who had suggested going into branch and the advisor agreed with him and said he could take his passport with him. I think the advisor was trying to be helpful on that occasion. Also I don't think she would have agreed with Mr L going into branch if she didn't think there was any point in doing so.

I appreciate Mr L was very disappointed with HSBC's actions. As he has said he was a loyal customer for many years and had accounts with HSBC all over the world. 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 HSBC's actions were fair and reasonable in the specific circumstances.

For completeness I will add that Mr L said he has made a complaint, which he feels might be relevant to this complaint, to an ombudsman service in a different jurisdiction about the closure of his foreign accounts and is awaiting the outcome. I have allowed a few months since the complaint was allocated to me for him to provide further information as he felt this might be relevant to this complaint. Mr L said that his complaint about his foreign accounts was upheld. The information he provided shows that he received an offer of compensation from the bank where he had his accounts abroad. My understanding is that, that offer was for the overall service Mr L received and not for the closure of his accounts. In any event, I should clarify that a decision from another ombudsman service in a different jurisdiction wouldn't necessarily impact my decision, so I didn't feel I had to wait for that decision before providing mine. Nevertheless, if Mr L does receive further documentation in future in relation to the closure of his foreign accounts which he believes would help his case, he is free to send it to HSBC for it to review.

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