

The complaint

Ms C complains that HSBC UK Bank Plc blocked her bank accounts. She is also unhappy about the service she received and wants compensation for the trouble and upset she was caused.

What happened

Ms C has a current account and savings account with HSBC. Ms C used her current account to receive her wages.

On 27 December 2023, HSBC reviewed Ms C's accounts because it was concerned Ms C hadn't opened her current account, and thought it had been opened fraudulently. Whilst it carried out a review, HSBC blocked Ms C's accounts. This meant Ms C wasn't able to access any of the funds in her accounts.

Ms C discovered that her accounts were blocked when she went online to check if her wages had been paid into her account. At the time, Ms C was overseas visiting family. Ms C was shocked to find out she couldn't access her accounts and contacted HSBC to try and find out what was happening. But she didn't receive any calls back from HSBC.

When Ms C managed to speak to the bank, HSBC told her that she'd need to visit a branch with some identification before it could allow her access to her accounts and remove the blocks. Ms C explained that she was overseas and wouldn't return to the UK until 4 January 2024, and that she needed access to money in her account to pay for everyday expenses and keep on top of her bills.

Ms C returned to the UK on 4 January 2024, and immediately took her identification to a branch. The staff told Ms C that the block would be removed within four to seven days. Whilst at the branch Ms C also asked for access to her wages, which had been paid on 29 December 2023, but HSBC said it couldn't find any trace of Ms C's salary and that it hadn't credited Ms C's account. So, Ms C contacted her employer who confirmed that it had sent her wages to her HSBC account as usual.

HSBC completed its review and removed the block from Ms C's accounts on 18 January 2024.

Ms C complained to HSBC. She said being without access to her money – especially her wages, had caused her trouble and upset. She explained that she had to ask friends to lend her money to get by, and that it wasn't fair HSBC stopped her accessing her hard earned savings, which at the time, was around £4,000. She also said that HSBC didn't call her back when it said it would and told her that it couldn't find her wages. So, she had to go to the trouble of checking with her employer that she'd been paid, which was very inconvenient.

In response, HSBC apologised and said that the service it had provided Ms C had fallen short. It said it gave her incorrect timescales about how long its review would take and it shouldn't have told Ms C things would have been completed within seven days. HSBC also

said that it should have arranged Ms C to have access to her salary. HSBC paid Ms C £100 compensation for the trouble and upset she'd been caused by its poor service.

Unhappy with this response, Ms C brought her complaint to our service. She said because she hadn't had access to her account she had struggled to pay bills and rent. She explained that she had to borrow money to get by and had been caused a great deal of upset and stress by HSBC blocking her accounts. And not allowing her access to her salary.

One of our investigators looked into Ms C's complaint. After looking at all the evidence, he said that HSBC hadn't started its review until 16 January 2024, so HSBC hadn't done things as quickly as it could have, which meant Ms C was without access to her money for longer. He said the £100 compensation HSBC had already paid Ms C was fair, but he said HSBC should also pay Ms C interest on her account balance, including her salary, for loss of use of the funds whilst her account was blocked.

HSBC and Ms C agreed. However, following this Ms C said that the investigator hadn't taken into account that HSBC had also blocked her savings account. The investigator spoke to HSBC and they confirmed that they paid Ms C an additional £25 compensation along with interest for loss of use of the funds on the balance of Ms C's savings account.

Ms C asked the investigator to explain exactly how much compensation she was going to be paid for the interest for loss of use of the money in her accounts, and the salary that she should have had been able to access in late December 2023. The investigator set out the figures for Ms C. Following this Ms C said she wasn't happy to accept the compensation. She said the amount of money, especially the interest, isn't enough considering how long she had to wait to sort things out with HSBC.

As no agreement could be reached the matter has come 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.

It's not in dispute that HSBC got things wrong. HSBC has accepted it took too long to remove the block from Ms C's accounts and that it should have provided Ms C better service when she contacted them. HSBC also accepts that it made a mistake when it didn't allow Ms C access to her wages which were paid into her account at the end of December 2023. To put things right HSBC has agreed to pay Ms C a total of £125 compensation along with interest for loss of use of the money in her accounts and her salary. Ms C says this isn't enough.

So, I need to consider whether the compensation already paid, and the additional compensation recommended by the investigator (the interest) is sufficient. Ms C has explained that she is seeking more compensation and that she feels the amount of interest is a petty amount. She wants more compensation for the distress, anxiety and inconvenience she was caused.

I understand Ms C's frustration and upset at what happened. The timing of HSBC's actions was unfortunate. Ms C was overseas and wanted to fund her holiday as well as manage her bills whilst she was away. She also had to go to the trouble of contacting her employer to try and find out whether HSBC had sent back her wages. And she had to make more than one phone call to HSBC. So, I can understand why she found this experience with HSBC stressful and upsetting. But HSBC has apologised for its poor service and taking too long to

remove the block of Ms C's accounts. HSBC has agreed to pay £125 compensation. Taking everything into account I think that's fair and reasonable compensation for what happened, and any distress and inconvenience Ms C has been caused. This was to recognise that the service HSBC provided wasn't as good as it should have been.

Having looked at everything I agree with the investigator that HSBC could've removed the block from Ms C's accounts sooner and allowed Ms C access to her wages – this would have avoided Ms C having to contact her employer and allowed her to manage her finances much more easily, which would have eased her stress and anxiety. HSBC blocked Ms C's accounts for just over three weeks but based on the evidence it has provided about what it was doing, its review of Ms C's accounts actually took around two days. HSBC hasn't explained what it was doing up to 16 January 2024, which is when it started its review. And twelve days after Ms C had taken her identification into branch. So, I'm satisfied that HSBC have caused delays, and that Ms C was deprived of her funds for longer than necessary.

As I'm satisfied that Ms C was deprived of her funds for longer than necessary, HSBC should pay Ms C 8% interest on these funds from the date it blocked Ms C's accounts until the date the funds were returned to Ms C. It should also pay 8% interest on Ms C's wages from 29 December 2023 (which is when the funds should have credited the account) until the funds were released to Ms C.

Ms C has suggested adding 8% simple interest isn't enough. She wants more compensation and says the amounts this adds up to is petty. In this case Ms C has been deprived of her funds for longer than necessary – money that she should have had available to her to use as she wanted. Because of the length of time, I can't say for sure what the specific cost of not having these funds available would be. It will have influenced a whole host of decisions about spending and borrowing over that time. To attempt to rework or reconsider Ms C's financial decisions over the period she was without her funds would be incredibly arduous, and not within the remit of our service to resolve complaints quickly and with the minimum of formality.

With that in mind I'm satisfied awarding 8% simple interest on the amounts for the period Ms C's balances and wages weren't available to her is appropriate. It is a reflection of the cost of being deprived of these funds. It's also in line with the statutory interest rate on judgement debts. So, whilst I appreciate Ms C will be disappointed, I won't be asking HSBC to do anything more to resolve her complaint.

My final decision

For the reasons I've explained, my final decision is that I uphold this complaint. To put things right, if it hasn't already done so HSBC Bank UK Plc should:

- Pay 8% per year simple interest on the balances of Ms C's accounts from the date the accounts were blocked until the funds were released back to Ms C
- Pay Ms C 8% interest on her salary payment from 29 December 2023 until the date the funds were released to Ms C
- Pay the compensation within 28 days of the date on which we tell it Ms C accepts my final decision. If it pays later than this, it must also pay interest on the compensation from the date of my final decision to the date of payment at 8% a year simple.

If HSBC UK Bank Plc considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Ms C how much it's taken off. It should also give

Ms C a tax deduction certificate if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms C to accept or reject my decision before 8 July 2024.

Sharon Kerrison
Ombudsman