

The complaint

Mr M is unhappy that HSBC UK Bank Plc (“HSBC”) blocked his account while it carried out a review.

What happened

On 6 December 2023 HSBC received a report from a third party bank that funds paid into Mr M’s account were obtained fraudulently. It blocked his account while it investigated this further and advised him it was unable to provide a timescale around how long its investigation might take.

On 7 December 2023 Mr M requested a withdrawal of enough funds from the account for day to day expenses. HSBC told him he couldn’t access any funds as only his salary and benefits could be withdrawn while the account was under review. Mr M told HSBC he lived off of his investment income so the deposits he was trying to withdraw were, in effect, his salary. HSBC said it would consider releasing the funds if Mr M was able to provide invoices or further evidence supporting this.

HSBC advised Mr M he would need to visit a branch in order to provide any relevant evidence and discuss the account review further. Mr M went into branch on 8 December 2023. He explained the disputed credits to his account were loan repayments from a friend. He said he didn’t have any paperwork to support this because it was a verbal agreement and the money was given to his friend in cash.

During the same visit Mr M provided an email from his wealth manager stating the money in the account was his income from investments. HSBC didn’t feel this was sufficient evidence to release any funds to him.

Later that day Mr M called HSBC to again discuss the account review. During this call he asked to transfer the disputed funds back to the sender in order to remove the block on his account so he could access his money. Following the return of the funds the block was removed from the account and Mr M was able to access it as normal.

Mr M complained to HSBC. He was unhappy with its decision to block his account and felt he had been coerced into agreeing the money should be returned to the sender. HSBC responded and stated it was entitled to take the action it had.

Mr M brought the complaint to our service and our investigator didn’t feel HSBC had acted unreasonably. They were satisfied that Mr M had ultimately directed HSBC to send the disputed funds back to the sender. Mr M didn’t accept this so the complaint has been passed to me to make a decision.

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.

Was HSBC acting reasonably in blocking the account

I'll start by setting out some context for HSBC's review of Mr M's account. Banks and financial businesses have important legal and regulatory obligations they must meet when providing accounts to customers. They can broadly be summarised as a responsibility to protect persons from financial harm, and to prevent and detect financial crime.

It's common industry practice for businesses to restrict access to an account to conduct a review on a customer and/or the activity on an account. The terms of the account also permit HSBC to block an account. So it's entitled to block and review an account at any time.

I've reviewed the information HSBC received which prompted the block and subsequent review of Mr M's account. As it's disclosed to him, it received a report from a third party bank that he'd been the recipient of funds that had been obtained fraudulently. And whilst I understand Mr M's position is that the funds were rightfully his, as a starting point, it was fair and reasonable that HSBC blocked his account based on this third party report while it reviewed things.

Should HSBC have returned the funds to the sender

I've listened to the call between Mr M and HSBC that took place on 8 December 2023. In this call Mr M is told the reason for HSBC's review – that it received a report of fraud from a third party bank on behalf of the person who sent him the disputed amount (who I've referred to as the sender). Mr M was clearly surprised to learn this and confirmed he had an ongoing relationship with the sender who'd raised these concerns. He confirmed he'd seen them that day and they hadn't mentioned any concerns to him directly.

During the call, Mr M asked HSBC if the block on the account would be removed if he paid the money back to the sender. This suggestion wasn't prompted by HSBC. The advisor asked him if this is what he wanted to do and he confirmed that it was. Mr M then went on to say he had asked HSBC this same question earlier in the day, seemingly in branch, and was told it would look into this and get back to him.

Later in the call Mr M said he'd been asked in branch if he would be willing to repay the funds to the sender, and he'd said he would because he could get the money back from the sender another time. The advisor again asked Mr M if sending the disputed amount to the sender was what he would like to do and he confirmed it was.

So, I'm satisfied Mr M requested a payment for the disputed amount was sent to the sender, and HSBC was acting reasonably in following his payment instruction. I'm also satisfied that it made sure Mr M wanted to do this, more than once, before it made the payment as he instructed.

Mr M now says he instructed the payment under duress. He's said HSBC's block forced him to take this action because he couldn't access his money and didn't know how long the block would be in place.

I understand it would've been extremely stressful for Mr M to have no access to his money. But for the reasons given HSBC wasn't at fault for this situation. As I've outlined above, it was acting reasonably by blocking the account based on the information provided to it.

I can see Mr M would've been caused additional worry as HSBC was not able to tell him how long the block and investigation might take. But I don't think HSBC was acting unreasonably in not being able to provide an exact timeframe.

When an account is under investigation, HSBC isn't obliged to provide the details of this to the account holder as doing so might disclose potentially sensitive information it isn't obliged to share. This type of investigation might also involve requesting information from the various parties involved, the timings of which would largely be out of HSBC's control, in addition to the time needed to review the information and make a decision in line with the terms and conditions of the account and HSBC's obligations.

All of this means it is very difficult to provide an exact time frame when a review like this one is carried out. And whilst I understand this would've been frustrating for Mr M as he had no access to his money, I don't agree that in blocking the account and not being able to provide a timeframe for its investigation, HSBC was coercing or forcing him into anything.

Unfortunately losing access to funds can be an inconvenient part of an account review.

I can also see that HSBC had confirmed that it would consider releasing funds that were Mr M's salary or benefits and it asked him for evidence of this in order to review the situation. I know Mr M provided an email from someone connected to the investments he said provide his income. But it was an email from an unknown third party which didn't offer evidence of the specific transactions made to the account or the source of the funds. Having reviewed the email Mr M provided, I think it's reasonable HSBC was unable to accept this evidence.

If the money in Mr M's account was his income as he'd said, it seems likely he would've been able to provide further documentation to support this and I think he reasonably could've discussed this further with HSBC. Instead, it seems to be that Mr M didn't wish to spend any longer trying to provide this evidence in line with HSBC's requirements. Instead, he made the decision to make a payment to the sender he was in dispute with in order to access his money.

Overall I haven't seen sufficient evidence to support that HSBC coerced or pressured Mr M into returning the money to the sender, I think this decision was his own, made on the basis that he believed he would be able to resolve the situation directly with the sender at a later date.

Mr M has said HSBC advised him to return the funds to the sender

As part of his ongoing concern that HSBC left Mr M with no option other than to return the disputed amount to the sender, he's said it was HSBC's suggestion that he take this action in order to remove the block.

The call in which Mr M instructed the payment doesn't reflect this. The suggestion comes from Mr M. And he says during the call that it was a suggestion he had made to HSBC earlier that day rather than the other way round.

During the same call, Mr M did say he was asked in branch if he would be willing to send the money back to the sender. But there's no other context around this. It's not clear if this has been asked in response to Mr M's suggestion he do this, or if it was part of a wider conversation regarding the blocking of his account.

HSBC has said there are no records from the meeting in branch. But it's said no branch staff would've had any information relating to the review of Mr M's account. They wouldn't know what had prompted it or what it would take to have the block removed. So it's said it's confident branch staff would not have advised Mr M to send money anywhere in order to remove the block from the account.

It's not possible for me to know exactly what was discussed in branch. But even if this is something HSBC suggested to Mr M as a possible solution, I don't think it follows that HSBC

told Mr M he had to do this or that it misled or coerced him into doing it. It was ultimately his choice to send the money to the sender. And as I've said, the main reason for his choosing to do this appears to be because he was confident he would simply be able to resolve the matter directly with the sender who he had an ongoing relationship with. It seems Mr M's complaint has stemmed from the fact this later wasn't possible.

Overall I don't feel I've seen persuasive evidence that HSBC misled or coerced Mr M into sending the disputed amount back to the sender. I also don't think that because the account was blocked he was left with no option other than to do this. It's unfortunate he couldn't access his funds immediately when the account was under review, but I think HSBC gave him options that would allow him to do this. And in any event, not having access to funds is an unfortunate part of legitimate account reviews. So even without access to his money, which I have no doubt would've been stressful, HSBC wasn't doing anything wrong.

Did HSBC provide Mr M with sufficient customer service

HSBC asked Mr M to come into branch to discuss the matter further and I can see he was unhappy with this. But it is ultimately up to HSBC how it feels it can best meet its obligations around the security of its accounts and its customers. It asked Mr M into branch to discuss things face to face and I don't think this was unreasonable in the circumstances. As I've explained, HSBC was entitled to block and review Mr M's account and this involved satisfying its own security procedures.

The rest of Mr M's concerns around the customer service he received are broadly related to the review itself and the lack of information HSBC was able to provide Mr M. As I've explained, I'm satisfied HSBC acted reasonably in taking the action it did and wasn't obliged to provide Mr M with further information. I have no doubt this situation would've caused Mr M frustration, but the inconvenience he's suffered is ultimately part of a legitimate account review rather than an error on HSBC's part.

My final decision

I don't 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 25 September 2024.

Faye Brownhill
Ombudsman