

## **The complaint**

Y, a limited company, complains that HSBC UK Bank Plc unreasonably closed their accounts, including calling in lending. They've asked to set up a repayment plan.

## **What happened**

Y held accounts with HSBC. But in June 2023 the bank wrote to Y to explain they'd be closing all the accounts in August 2023, and that any outstanding balances would need to be repaid before then.

The accounts closed in August 2023, with an outstanding overdraft debt of just over £18,000. HSBC issued a final demand for repayment. Y complained about this saying they had tried to set up a repayment plan through their relationship manager but hadn't been able to. The bank responded to say that couldn't agree a repayment plan as the full balance needed to be repaid.

Dissatisfied with this answer Y referred their complaint to our service. One of our investigators looked into what happened but didn't think HSBC need to do anything further. They said HSBC had issued the required closure notice correctly, and it wasn't unreasonable for the bank to call in the outstanding overdraft debt.

Y disagreed with this and asked for time to provide more information. The case was passed to me to decide. On review of the file, I found that HSBC had made an offer to Y of £250 for a delay in transferring the debit balance of Y's business card. I put this to Y and said it was a reasonable offer but did not receive a response.

## **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.

Having done so, I'm satisfied that the offer of £250 made by HSBC is reasonable. I'm aware that after the investigator's assessment Y asked for more time to provide information. This was some time ago now though. Y asked for 14 extra days, but we've had no further update or correspondence from Y. I'm satisfied that I have enough information on file to reach a fair and reasonable conclusion.

Regarding the closure, the terms of Y's accounts allow HSBC to close the account by providing at least two months' notice. This is in line with the relevant regulations about payment accounts. I've seen the notice dated 7 June 2023, saying the accounts will be closed on 10 August 2023. It's correctly addressed, and I've no reason to doubt it was sent. Y has suggested they only received four weeks' notice, but I'm satisfied that HSBC issued Y with the correct notice of closure. And I can see from the statements that there were regular payments in and out of the current account, so I'm satisfied there were no further restrictions placed.

There's no specific obligation on HSBC to explain to Y why their account is being closed – and in this case have declined to discuss it further. The rules of our service allow us to treat certain evidence in confidence if the ombudsman considers it appropriate – such as if it contains commercially sensitive information, or data about third parties.

HSBC have shared their reasoning for closing Y's accounts to our service, and I'm minded this reasoning should remain confidential. So, I won't be able to detail it in full here. But I'm satisfied that the reasoning wasn't irrational or unsound – it was a legitimate commercial decision that the bank were entitled to make. I understand Y may be disappointed, I don't see that HSBC need to do anything further.

It is obviously disruptive when a long-standing banking relationship comes to an end. The reason for giving at least two months' notice is to allow customers to make alternative arrangements for banking facilities, and to arrange to move or repay any outstanding debt. Overdrafts are repayable on demand – in that the bank can ask for the full balance to be repaid at any time. This is outlined in the terms of the overdraft agreement.

So here Y ought reasonably to have known the debt would need to be repaid when the accounts closed – this is outlined in the closure notice. And HSBC gave reasonable time to make alternative arrangements.

I can't say that HSBC have been unreasonable in asking for the outstanding balances to be repaid, or by declining a repayment plan before passing the account to recoveries. It's also not unreasonable for HSBC to record this accurately with the credit reference agencies.

But HSBC have accepted they took too long to transfer the debit balance of the card account and made the offer of £250. Overall, I'm minded this is reasonable for any disruption this caused to Y's business.

### **My final decision**

My final decision is that HSBC UK Bank Plc must pay Y £250.

Under the rules of the Financial Ombudsman Service, I'm required to ask Y to accept or reject my decision before 19 August 2024.

Thom Bennett  
**Ombudsman**