

The complaint

Mr E complains that HSBC UK Bank Plc ('HSBC') closed his account without notice and didn't give him a reason why. He wants his account to be reopened.

What happened

I issued a provisional decision on this complaint earlier this month where I said that I was not considering upholding it. An extract from that decision follows:

"In November 2023 HSBC wrote to Mr E and said it had decided to close his account with immediate effect. In a separate letter on the same day it attached a cheque for the balance which was in the account, £4,686.87. Mr E said he didn't receive the letter or the cheque and complained about the closure.

HSBC reviewed the complaint but it didn't uphold it. It said its decision was in line with its terms and conditions and its legal and regulatory obligations.

Mr E wasn't happy about this and brought his complaint to us. He said he wanted his account to be reopened. He also said he still hadn't received his funds from HSBC.

Mr E's funds were refunded while the complaint was with us, on 22 January 2024.

One of our investigators reviewed the complaint and thought it should be upheld in part. Though she didn't think HSBC had acted unfairly or unreasonably in closing the account with immediate effect she thought it had delayed returning Mr E's funds which weren't returned until 22 January 2024 despite Mr E confirming his account details on 15 December 2023. Our investigator thought HSBC should pay Mr E 8% simple interest on the balance between 22 December 2023 and 22 January 2024- allowing a week for the bank transfer- plus £100 for the distress and inconvenience it caused him.

HSBC agreed but Mr E didn't. He said he still didn't know why the account had been closed and that this needed to be investigated. He maintained that he wanted his account to be reopened. Mr E added that the delay in receiving his funds meant he lost opportunities to invest in other assets which had since gone up in value. He said he also wanted a copy of his statement on letterhead so he could evidence his income.

Our investigator didn't change her view. She said without evidence of Mr E's losses she wasn't able to award any more compensation.

Mr E didn't think the compensation was sufficient to cover the moral losses he suffered and the treatment he received from HSBC. He asked for an ombudsman's decision and the matter was then passed to me to decide.

What I've provisionally 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.

Mr E had brought two other complaints against HSBC to us previously and they were in relation to HSBC freezing his account on two separate occasions before it decided to close it. Those complaints were dealt with by an investigator. This decision is solely about the complaint in relation to the closure of the account.

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 will review accounts to comply with these responsibilities. It's common practice for banks and other financial service providers to restrict access to accounts to conduct a review- doing so helps prevent potential financial loss or other harm that could otherwise result.

I've also considered the basis for HSBC's review, which I find was legitimate and in line with its legal and regulatory obligations. Having reviewed all the evidence, including the information HSBC provided in response to the investigator's view, I'm satisfied that it was acting in line with its legal and regulatory obligations when it froze Mr E's account on this occasion.

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 E 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 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 account with immediate effect. 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 E's account was unfair.

Mr E wants his account to be reopened but in light of the above I'm not considering asking HSBC to reopen it. 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.

HSBC sent Mr E a cheque for the funds that remained in his account on the day the account was closed. So I don't think there was a delay there. Mr E said he didn't receive the cheque so HSBC arranged for a bank transfer which wasn't made until January 2024. As HSBC didn't delay sending out the original cheque and as there will have been some delays in December due to the holidays which wouldn't have been down to HSBC, I again don't think HSBC caused any undue delays. I note that HSBC has agreed to pay £100 compensation to Mr E as well as interest on the amount that was in the account between 22 December 2023 and 22 January 2024. But as I don't think it caused any undue delay this isn't something I am minded to make an award for, so I will leave it up to HSBC to honour this offer if it wishes and if Mr E wants to accept it.

Mr E said that he suffered losses as a result of the delay in his funds being returned to him. He said he wasn't able to invest in other assets which have since increased in value. As I said above, I don't think HSBC caused any undue delays so this isn't something I am minded to award compensation for. Furthermore, as our investigator said, we have not been provided with supporting evidence for those losses.

Mr E asked for a copy of his statement which our investigator provided. Mr E said the copy provided wasn't suitable and it needs to be on letterhead. As this wasn't part of the original complaint I have not considered it here. Nevertheless, I think this is something HSBC can liaise directly with Mr E about.

Overall, I appreciate that Mr E would have been frustrated and also inconvenienced by HSBC's decision to close his account. And it must have been disappointing to be told that HSBC didn't wish to offer him its services anymore. So I appreciate he will be disappointed with my provisional decision. But for the reasons I provided above, I think HSBC's decision to close the account immediately was fair and reasonable."

HSBC responded to my provisional decision but said it had nothing further to add. Mr E did not respond by the original deadline. We wrote to Mr E and gave a further seven-day deadline and said if he did not respond by then I would proceed with my final decision. There was still no response and I, therefore, decided to proceed with my final 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.

As neither party provided any comments in response to my provisional decision, the findings I made in my provisional decision remain and are now the findings of this my final decision.

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 E to accept or reject my decision before 28 August 2024.

Anastasia Serdari
Ombudsman