

The complaint

Mr D complains HSBC UK Bank Plc unfairly blocked and then closed his accounts.

What happened

The facts of the complaint are well known to both parties, so I will only provide a summary of the key points.

In November 2022 Mr D's accounts were blocked. During the block Mr D was given access to wages in branch with photo Identification. Whilst the account was blocked HSBC asked Mr D questions about specific payments in and out of his account. HSBC says Mr D didn't provide the necessary details, but Mr D says he provided the necessary information.

Following its review of Mr D's accounts HSBC issued Mr D with a notice to close letter on 20 June 2023. This provided Mr D with 60 days' notice and the accounts would close on 23 August 2023. The accounts remained blocked during the notice period.

Mr D raised a formal complaint about the block of his accounts, explaining it had a significant impact on him as he was unable to manage his finances. Mr D said he was unable to make loan repayments to his HSBC loan during this time as well. Mr D says he has been discriminated against by HSBC because of where he was born and his nationality.

HSBC replied, stating that it was entitled to review the accounts and they were complying with their legal and regulatory obligations. Mr D referred his complaint to our service. One of the investigators looked into the complaint and in summary, made the following findings:

- HSBC is able to restrict accounts when carrying out reviews and don't need to inform customers of the reasons why.
- The terms of Mr D's accounts allow HSBC to block and review accounts and say the accounts can be closed if requested information isn't provided.
- Our service is not in a position to decide whether HSBC has treated Mr D differently because of where he was born. Instead, we look at whether HSBC has treated Mr D fairly and reasonably, which the investigator thought it had.
- The review of the accounts took longer than it should've – HSBC should compensate Mr D £100 to recognise this service failing.

HSBC agreed to pay Mr D £100. Mr D remained unhappy and maintained HSBC had acted unfairly. Mr D says HSBC should be held to account for its unfair closure and compensate him for the distress caused by its actions. As no agreement could be reached, the case has been referred to me – an ombudsman – for a 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.

Firstly, I am sorry to see Mr D has had cause for complaint. I don't underestimate the worry this situation has caused, and also the stress of dealing with the complaint about it. I'd like to reassure Mr D that I've considered the whole file and what's he's said. But I'll concentrate my comments on what I think is relevant. If I don't mention any specific point, it's not because I failed to take it on board and think about it, but because I don't think I need to comment on it to reach what I think is a fair and reasonable outcome. No discourtesy is intended by me in taking this approach.

I must highlight my decision will focus on Mr D's individual holdings with HSBC. I will not be commenting on any joint accounts held. Mr D's joint accounts with HSBC have been dealt with under a separate complaint at this service.

Banks in the UK, like HSBC, are strictly regulated and must take certain actions in order to meet their legal and regulatory obligations. They are also required to carry out ongoing monitoring of an existing business relationship. That sometimes means banks need to restrict, or in some cases go as far as closing, customers' accounts.

These obligations generally cover the entire period of its customer relationship – from application to eventually the end of the relationship. It's worth noting these checks include not just the verification of a customer's identity, but also establishing the origin of funds and purpose of transactions.

So, given the various obligations HSBC must adhere to, I'm satisfied it was acting in line with these when it initiated a review on Mr D's accounts. HSBC asked Mr D to provide details about specific account activity. I think its information requests were appropriate given the circumstances.

Mr D says he provided information to HSBC – in particular he explains he had telephone interviews with HSBC to discuss account activity. I appreciate Mr D may have had contact from HSBC about account activity but based on the evidence I've seen from HSBC it seems Mr D didn't provide specific details to address concerns it had. I appreciate this may be frustrating for Mr D – but it is ultimately for HSBC to decide whether the information provided it adequate to mitigate any concerns it may have and discharge its regulatory duties.

Following its review of Mr D's accounts HSBC made the decision to end its banking relationship with Mr D. HSBC is entitled to close accounts just as a customer may close an account with it. But before HSBC closes an account, it must do so in a way, which complies with the terms and conditions of the accounts.

The terms and conditions of the accounts which HSBC and Mr D had to comply with, say that it could close the accounts by giving him notice. And in certain circumstances it can close an account immediately or with less notice. Mr D's accounts were blocked until closure which I consider the same as immediate closure. I've considered this in light of the relevant terms and conditions, and I'm satisfied HSBC acted reasonably in taking this course of action.

HSBC has provided me with information which shows why it took the actions it did. Our rules allow us to receive evidence in confidence. We may treat evidence from regulated businesses as confidential for a number of reasons – for example, if it contains security information, or commercially sensitive information. Some of the information HSBC has provided is information that we consider should be kept confidential.

Having looked at the information I've been sent, I'm satisfied HSBC has done nothing

wrong by restricting Mr D's accounts and asking him questions as part of its due diligence process. I'm also satisfied HSBC has acted in line with the terms of the account, and wider legal and regulatory obligations it must adhere to.

Mr D has provided details of the impact the account block and subsequent closure had on him. I appreciate the block would've caused a level of distress and inconvenience. Restricting an account can have serious consequences, and it's not a decision a business should take lightly. In Mr D's case I think HSBC should've completed its review sooner than it did. HSBC also accepts that the review should've been concluded faster than it was and has agreed to compensate Mr D £100.

Mr D says this amount fails to accurately reflect the impact the delays and closure had on him. Firstly, I must highlight the compensation awarded is specifically for the delays caused as I'm satisfied the closure was fair and not an issue HSBC needs to compensate Mr D for.

Reaching an award for distress and inconvenience is seldom straightforward. The issues involved are subjective by their very nature and the impact on the consumer can be difficult to determine. Our awards are not intended to be punitive for businesses. The primary purpose of our awards for distress and inconvenience are to recognise the impact on a consumer where there have been shortcomings. In Mr D's case I've considered the timeline of events, and communication received by Mr D, and I'm satisfied the £100 compensation award recognises the stress and inconvenience caused. I must also highlight Mr D has received separate compensation on his separate complaint regarding his joint account.

Mr D says that he is a victim of discrimination. He says HSBC has treated him unfairly due to his race. While I can appreciate this Mr D's perspective, it is not my role to decide whether discrimination has taken place – only the courts have the power to decide this. I have, however, considered the relevant law in relation to what Mr D has said when deciding what I think is the fair and reasonable outcome. Part of this has meant considering the provisions of The Equality Act 2010 (The Act). And after looking at all the evidence, I've not seen anything to suggest that HSBC treated Mr D, unfairly.

While I appreciate how HSBC closing his accounts made Mr D feel, I have to consider if other customers in similar situations would have been treated the same way. Having looked at all the evidence, I haven't seen anything to show that HSBC would have treated another customer with similar circumstances any differently than Mr D. Based on the information I've seen HSBC has based its decision on legal and regulatory factors.

I know this will not be the outcome Mr D was hoping for and I know Mr D will be disappointed with the decision I've reached. I hope it provides some clarity around why I won't be asking HSBC to compensate Mr D further than recommended by the Investigator.

Putting things right

HSBC Bank UK should pay Mr D £100 in recognition of the inconvenience caused by its delays.

My final decision

My final decision is that I uphold this complaint in part.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 15 January 2025.

Chandni Green
Ombudsman