

The complaint

Mr L and Mrs S complain HSBC UK Bank Plc (“HSBC”) closed their sterling account without notice nor explanation. Mr L and Mrs S add that when they first raised this with HSBC it said the closure was done in error and the account would be reinstated. But it then reneged on this position and closed it.

Mr L and Mrs S say HSBC’s actions have caused them substantive distress and inconvenience for which it should pay them commensurate compensation.

What happened

The details of this complaint are well known by both parties, so I won’t repeat them again here in detail. Instead, I’ll focus on setting out some of the key facts and on giving my reasons for my decision.

This decision only deals with Mr L and Mrs S’ joint sterling account.

HSBC say it sent Mr L and Mrs S notice of its intention to close their account in two months’ time in October 2023. Mr L and Mrs S say they never received any notification and only learnt about this decision when their accounts were closed and when their access to any related banking services were removed.

Mr L and Mrs S raised this with HSBC at both telephone and branch level and were told that the account had been closed in error and would be reinstated. The account was re-opened but the funds HSBC had placed in one of its internal accounts were not returned. Shortly after HSBC said that it had not made an error in the first place when deciding to close their account. HSBC closed the account immediately at this point. Mr L and Mrs S say HSBC should have given them two months’ notice at that point in line with the terms and conditions of the account given they hadn’t received any notification previously.

Unhappy, Mr L and Mrs S complained. HSBC upheld their complaint in part. In summary, the key points HSBC made were:

- It sent them a letter in October 2023 explaining it would be closing their account in January 2024 and it cannot give an explanation or further information about its decision.
- Due to branch and telephone banking staff errors, their account was re-opened when it shouldn’t have been. HSBC apologised for this, and feedback has been given to relevant management to ensure re-training is provided.
- The account is now being closed and any remaining balance will be sent by cheque as Mr L and Mrs S didn’t respond to its October 2023 closure letter where they were asked where they wanted the funds sent.

Mr L and Mrs S referred their complaint to this service. The funds in Mr L and Mrs S’ account was sent to them by cheque at the end of February 2024, and cashed on 1 March 2024.

HSBC apologised again that it incorrectly re-opened Mr L and Mrs S' joint account and offered £200 compensation. Mr L and Mrs S didn't accept HSBC's offer.

One of our Investigator's looked into Mr L and Mrs S' complaint, and they recommended HSBC didn't need to do any more. In relation to Mr L and Mrs S' joint account, they reached the following key findings:

- The terms and conditions of the account allow HSBC to close it with two months' notice. HSBC's online records show Mr L accessed online banking (OLB) numerous times after the closure notice was uploaded onto the OLB platform in October 2023. An email was sent to Mr L's registered email to alert him of the letter. Mr L and Mrs S may not have accessed the closure letter on their OLB, but HSBC took appropriate steps to notify them about the account closure.
- HSBC is under no obligation to give Mr L and Mrs S an explanation for why it decided to close their account. Banks are entitled to keep certain information confidential from their customers, but HSBC is expected to explain to our service any reasons for its actions. HSBC has provided an explanation, and its decision hasn't resulted from misidentification or other error.
- HSBC made an error in saying the account would be re-opened when it shouldn't have been. This poor service caused Mr L and Mrs S inconvenience. There wasn't a substantive delay with HSBC returning Mr L and Mrs S's funds from their joint account. So HSBC doesn't need to pay 8% simple interest for any unfair deprivation of funds.
- HSBC's proposed resolution is reasonable, and it doesn't need to take any additional steps.

Mr L and Mrs S didn't agree with what our Investigator said. To keep matters simple and pragmatic, I will summarise their key points here which had not been made previously. I'll also summarise the key points our Investigator made in response:

Mr L and Mrs S – further points

- They are perplexed by HSBC's obstinacy in not revealing its reasons for closing the account. And as the reason wasn't because of misidentification or other error, it's vital Mr L and Mrs S are informed of it. HSBC has a moral obligation to give Mr L and Mrs S an explanation.
- HSBC's decision is indicative of the imbalance of power that exists between both parties and its position on this complaint is disproportionate.
- A properly functioning bank would have given a further two months' notice before closing it again.
- HSBC hasn't acted in line with its own published values.

Investigator responses

- HSBC is under no obligation to provide an explanation and this service can't compel it to do so. It has provided an explanation to this service in line with what it required to do. HSBC doesn't have a moral obligation but has the right to keep some information confidential.

- Mr L and Mrs S' commercial relationship with HSBC was governed by the account's terms and conditions, which they agreed to when opening it, and relevant regulations. Nothing in these terms compels HSBC to give them an explanation for the closure.
- There's no information to show HSBC failed to treat Mr L and Mrs S with respect. It took the view it no longer wants to do business with them and sought to end the relationship.
- They won't be reminding HSBC of its values as there's no information to suggest it acted inappropriately.

HSBC said it would pay Mr L and Mrs S the £200 compensation it offered once the complaint was resolved. As there was no agreement, this complaint has been passed to me to decide.

What I've decided – and why

I'm very aware that I've summarised the events in this complaint in far less detail than the parties and I've done so using my own words. No discourtesy is intended by me in taking this approach. Instead, I've focussed on what I think are the key issues here. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

If there's something I've not mentioned, it isn't because I've ignored it. I'm satisfied I don't need to comment on every individual argument to be able to reach what I think is the right outcome. I do stress however that I've considered everything Mr L and Mrs S and HSBC have said before reaching my decision.

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 have decided not to uphold this complaint. I'll explain why.

Account closure and explanation

Banks in the UK 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.

HSBC is entitled to close an account 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 account. The terms and conditions of the account, which HSBC, Mr L, and Mrs S had to comply with, say it could close the account by giving them at least two months' notice. And in certain circumstances it can close an account immediately or with less notice.

HSBC provided Mr L and Mrs S with two months' notice in October 2023. HSBC has also provided me with an explanation as to why it decided to do this. Having carefully considered this, I'm satisfied that it closed the account in line with its terms and conditions.

Mr L and Mrs S say they never received notice of the account closure from HSBC. HSBC said it sent them a letter which can be slightly misleading given the letter was uploaded to the OLB portal. HSBC has shown me evidence and explained that a notification would appear on the header of the OLB when the letter was uploaded. HSBC has also sent me

technical evidence which I'm satisfied shows Mr L logged onto the OLB numerous times after this letter was uploaded onto the platform.

Having carefully considered this point, I'm satisfied HSBC did enough to make them aware, given such letters are typically sent in this way based on an indicated communication preference. Which is likely what happened here.

That brings me onto the key point Mr L and Mrs S have made throughout their complaint. That is, HSBC should provide them with an explanation for why it acted in the way it did. I'd like to assure Mr L and Mrs S that I don't undervalue the strength of their feelings on this point. But HSBC isn't under any obligation to give them an explanation.

I would add too that our rules allow us to receive evidence in confidence. We may treat evidence from banks 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 I consider should be kept confidential.

Customer service

HSBC has explained that its staff made a mistake in telling Mr L and Mrs S that it had closed their account in error, and then in reinstating it. As I've already said, HSBC acted fairly in closing their account when deciding to do so in October 2023. So, I'm satisfied it did make the error it says it did when reinstating the account and then closing it with immediate effect when it realised this.

Mr L and Mrs S argue that HSBC should've given them another two months' notice at that point. But given I'm satisfied it did enough to notify them in October 2023, I'm persuaded it didn't need to do this.

HSBC offered Mr L and Mrs S £200 for the distress and inconvenience this error caused them. It's worth noting that had HSBC not said it had closed the account in error in the first place in January 2024, then I don't think any compensation should be paid. But given this addresses the customer agent's error in isolation, I don't think HSBC need to do any more than that which it has offered to do.

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 L and Mrs S to accept or reject my decision before 7 February 2025.

Ketan Nagla
Ombudsman