

## **The complaint**

Ms W and Mr W complain that HSBC UK Bank Plc ('HSBC') should pay them more compensation than it has offered after admitting poor service and allow them to reactivate a closed account and/or open a new current account.

## **What happened**

Ms W and Mr W previously held accounts with HSBC when they were living in the UK. After relocating overseas, they updated their address with HSBC using a key card and received printed statements at their overseas address. They then moved again and lost contact with HSBC when they found they were no longer able to use their key cards.

In January 2021, HSBC notified Ms W and Mr W via email that their accounts would be frozen for 12 months if no transactions occurred.

On 29 March 2021, Ms W's current account was approximately £6 overdrawn, due to a direct debit payment taken by a third party. That debit balance was written off when Ms W's current account was closed on 26 January 2022.

In December 2023, when Ms W and Mr W were living again in the UK, they visited an HSBC branch to reactivate their current and savings accounts but were told they would need to open a new account. They applied online and HSBC said they needed to go into a branch to complete the application process.

On 11 January 2024, Ms W went to a branch to apply for a new account. HSBC declined the application.

Ms W and Mr W complained to HSBC about the service at the branch and the decision to reject the application.

HSBC acknowledged that branch staff may have misinformed Ms W and Mr W about reactivating their joint savings account, resulting in wasted time making the trip to the branch. HSBC said sorry for this and offered to pay Ms W and Mr W £100 compensation. HSBC however said it wasn't able to change its decision about opening another account. And on 26 February 2024, HSBC closed Ms W and Mr W's joint savings account.

Ms W and Mr W brought their complaint to us.

Our investigator felt that HSBC had acted in line with its terms and conditions when it closed Ms W and Mr W's accounts. She didn't think HSBC had treated Ms W and Mr W unfairly when it declined Ms W's application for a new account. And she thought that HSBC's £100 offer was fair in all the circumstances for the wasted journey to the branch.

Ms W and Mr W disagreed with our investigator, setting out their concerns at length, which I've very briefly summarised here:

- when HSBC informed them about closing the current account, it failed to tell them that they wouldn't in future be eligible to reopen a current account.
- If HSBC had known the account had become dormant and mail had been returned, why didn't HSBC use email to get in touch and update their address.
- How could the direct debit payment have taken Ms W's account overdrawn if the account was frozen.
- In February 2024, when they applied to revive their joint savings account, HSBC said they couldn't any longer hold this type of account without having a current account – which was contrary to information they'd been told previously, amounting to a breach of trust.
- HSBC had never been clear in their dealings with Ms W and Mr W and channels of communication had been poor.
- They are worried about how this has affected their credit score.

Our investigator wasn't persuaded to change her view. As the complaint hasn't been resolved, it has come to me for 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.

I've carried out an independent review and having done so, I've reached the same conclusion as our investigator.

I understand Ms W and Mr W feel that HSBC's actions have caused them mental distress and financial losses which need to be addressed by significantly more compensation than the £100 HSBC has offered. They would like HSBC to let them have accounts again. They feel the way HSBC has dealt with them has been discriminatory and that they've been treated unfairly, violating their human rights and entitlements under the Equality Act.

I must take into account the relevant law, regulatory requirements and best industry practice when making my decision. I can't make findings on whether or not HSBC's actions breach the Human Rights Act 1998 or amount to discrimination under the Equality Act 2010. Those would be matters for a court to decide. This service is an informal alternative to the courts. I can decide if HSBC treated Ms W and Mr W fairly. My role is to consider the evidence presented by both sides and reach what I think is an independent, fair, and reasonable decision based on the facts of the case.

I'm sorry that Ms W and Mr W had communication difficulties with HSBC when they lost the ability to use their key cards to access their accounts. I appreciate that this was problematic for them. But HSBC's business terms, which Ms W and Mr W signed up to when they set up their accounts, put the onus on Ms W and Mr W to ensure any change of address was notified to HSBC within 30 days. And I think it's fair to say that they could have contacted HSBC using other channels – such as HSBC's telephone banking service or online chat facility. So, I can't fairly say that HSBC is responsible for losing contact with Ms W and Mr W.

When HSBC received returned post, it took steps to limit the use of the account as a security precaution, in line with the returned correspondence procedure explained in its terms and conditions. It was reasonable for HSBC to wait for Ms W and Mr W to re-establish contact as that was the safest way to protect their account.

HSBC made Ms W aware in January 2021 that it would freeze her account due to non-usage and its terms and conditions explain that this might mean HSBC would restrict payments in

or out of the account. The fact alone that HSBC had inhibited the use of Ms W's current account didn't mean that HSBC made a mistake when it allowed a direct debit called for by a third party which took the account overdrawn. Stopping a debit payment set up on a customer's instruction obviously has consequences for the customer and it's not something I would expect any bank to do lightly. I can see that the next time the third-party tried to take a direct debit payment, the overdrawn balance was still uncorrected. So I think HSBC acted reasonably, and in Ms W's interests, when the payment was reversed. Its actions effectively stopped Ms W's account slipping further into overdraft.

The accounts were closed after HSBC gave Ms W and Mr W due notice in 2021 and the accounts weren't being used. So I am satisfied that HSBC acted in a fair and reasonable way when it did this.

HSBC wasn't required to tell Ms W and Mr W that they wouldn't be able to continue banking with HSBC when it closed Ms W's current account. Generally speaking, banks are free to decide which customers it wants to have. Here, Ms W's account had been closed with a written-off debit balance, after she hadn't used it for a while and the account was marked dormant when post was returned. So I think HSBC had valid reasons for declining to offer her banking services when she re-established contact with HSBC. I don't consider this is evidence of discrimination. And I can't fairly say that HSBC acted unfairly or unreasonably when it didn't approve her application for a new account.

It follows that when Ms W was no longer a current account holder (and Mr W didn't have a current account of his own) this meant they weren't entitled to hold HSBC's savings account. So I don't consider that HSBC acted unfairly when it closed the joint savings account.

I appreciate Ms W and Mr W are worried about the information on their credit records. But it's important that credit files accurately reflect account history, and I haven't seen anything to suggest that HSBC has reported any inaccurate information.

But HSBC agreed that in some respects the service it provided fell below the standard Ms W and Mr W were reasonably entitled to expect. I've thought about the impact this had on Ms W and Mr W to decide if HSBC has fairly resolved the complaint, or if it should do more to put things right.

I've been provided with no evidence to show that Ms W and Mr W are worse off in money terms as a direct result of HSBC's admitted poor service. So, I haven't identified any specific financial loss.

But fair compensation isn't just about monetary loss – it needs to reflect the wider impact on Ms W and Mr W of HSBC's service failings. I don't doubt that Ms W and Mr W were caused some inconvenience when Ms W went to a branch with various documentation she'd sorted out, on the understanding that this would mean they could start using the joint account again. Overall, I think the £100 compensation offered by HSBC is fair and reasonable in all the circumstances. This amount matches the level of award I would make in these circumstances had it not already been proposed. It is in line with the amount this service would award in similar cases, and it is fair compensation for Ms W and Mr W in their particular situation.

I hope that setting things out as I've done helps explain how I've reached my conclusions and even though this isn't the outcome Ms W and Mr W hoped for, they will be able to feel that the Financial Ombudsman Service has fully considered the complaint.

I have set out below the steps I require HSBC to take.

**Putting things right**

HSBC should pay Ms W and Mr W £100 compensation, as it has already offered to do, to reflect the impact on them of its admitted poor service.

**My final decision**

My final decision is that I uphold this complaint and direct HSBC UK Bank Plc to take the steps set out to put things right for Ms W and Mr W.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms W and Mr W to accept or reject my decision before 18 September 2024.

Susan Webb  
**Ombudsman**