

## **The complaint**

Mr K complains HSBC UK Bank Plc unfairly closed his bank account without notice. Mr K says this caused him significant financial hardship and inconvenience.

## **What happened**

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

Mr K held a HSBC Advance account and credit card account.

On 1 March 2024 HSBC informed Mr K that his Advance account and credit card account would close with immediate effect. The letter explained Mr K would need to make alternative banking arrangements and the account switch service would not be available to him.

Mr K's account was in debit, and the outstanding amount was demanded in full. The account passed to HSBC's recovery team in mid-April 2024

Mr K raised a formal complaint about the handling of his accounts and outstanding debt. In its final response letter dated 4 April 2024 HSBC explained that it reviews accounts periodically and Mr K's accounts had been closed in line with its account terms and conditions. Mr K's account was in debit, and the outstanding amount was demanded in full. The account passed to HSBC's recovery team in mid-April 2024.

Unhappy with HSBC's response Mr K referred his complaint to this service. In his complaint Mr K raised the following concerns:

- HSBC didn't act in a reasonable manner when it closed his account immediately.
- The closure meant he was unable to receive income, and this had a severe impact on him and his family.
- He made attempts to clear his overdraft and HSBC didn't assist with this.
- HSBC treated him in an inhumane manner and he is due an apology and financial compensation.

An Investigator reviewed Mr K's concerns and his complaint was split into two – Mr K's concerns regarding the handling of his overdraft and credit file have been considered under a separate complaint. This current complaint addresses his concerns around HSBC's decision to close his accounts immediately. The Investigator made the following findings on this complaint:

- HSBC is under numerous legal and regulatory obligations, and it's not our role to comment on these obligations.
- HSBC has provided evidence about its reasons for closure, and it has acted fairly.
- The terms of Mr K's accounts allow HSBC to close them immediately in specific circumstances. HSBC has acted in line with these terms.

Mr K disagreed with the review and said the impact of the immediate closure was significant. In particular Mr K highlight that HSBC had contacted him regarding his overdraft usage, and during its communications with Mr K no reference was made to account closure. In addition, Mr K explained transactions still went through on the account even after HSBC issued its immediate notice to close letter.

As Mr K remained unhappy with the review, the complaint has been passed to an ombudsman for a review.

### **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 K has had cause for complaint and the impact the account closure has had on him. I can see from his comments about the financial impact the closure had on him that HSBC's actions have been a source of stress and worry. However, having looked at the complaint fully, my review of the evidence has led me to the same overall conclusions as the Investigator previously set out and for much the same reasons. I will explain why.

As a UK financial business, HSBC is strictly regulated and must take certain actions in order to meet its legal and regulatory obligations. It's also required to carry out ongoing monitoring of an existing business relationship. That sometimes means HSBC needs to restrict, or in some cases go as far as closing customers' accounts.

HSBC has explained and given me information to show why it reviewed and closed Mr K's accounts. Having carefully considered this, I'm satisfied HSBC took these actions in line with the obligations it must adhere to. In addition, 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 Mr K's accounts allow for immediate closure in specific circumstances. In Mr K's case I'm satisfied the requirements for immediate closure have been met.

I know Mr K feels HSBC has acted unfairly given the lack of information provided to him about the closure. Ultimately Mr K would like a detailed explanation as to why HSBC took these actions. But HSBC isn't under any obligation to provide this. Further, HSBC has clarified the situation regarding Mr K's overdraft. HSBC contacted Mr K about his overdraft usage prior to closure given Mr K relied on it heavily. The contact from HSBC encouraged Mr K to reduce his overdraft usage, and this is in keeping with its duties to ensure customer credit is provided responsibly. It says this contact was separate to the review it carried out and its reasons for ending its banking relationship with Mr K. Although I understand Mr K says the communication wasn't clear and he believes the issues are linked, I think HSBC has done enough to clarify the situation.

I would add too that 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 we consider should be kept confidential. Mr K says the fact we haven't shared information means hasn't had the opportunity to provide a complete response, which in turn raises concerns about the fairness of the process in place. However, the need to keep sensitive information confidential is the main overriding consideration. Our role is to assess the evidence fairly from both sides, and having carefully considered this information, I'm satisfied HSBC acted appropriately and in keeping with its regulatory duties.

Mr K says HSBC's decision to close his accounts caused him significant distress and inconvenience. I do appreciate this matter would've caused Mr K some difficulty, as Mr K appears to have used the account regularly. The decision to close a bank account immediately can't be taken lightly given the impact it can have on a customer. Mr K's concerns regarding the overdraft balance and the issues with his credit file have been addressed separately, and I can see Mr K has received compensation for the issues he experienced post closure. Based on the information I've seen from HSBC I think its decision to close the account in this was reasonable, so I don't find awarding compensation for this aspect of his complaint to be fair or appropriate.

Mr K says HSBC's handling of the closure was unfair as transactions were still allowed on his account after it was closed which further increased his overdraft and worsened his financial situation. I've considered Mr K's statements, and I can see transactions went through after 1 March 2024. HSBC has explained the payments which debited the account following the closure will have been authorised by Mr K prior to the account closure and were due to the respective retailers. So although I can understand Mr K's concern with this account activity I think HSBC was right to process these transactions.

I know this will not be the outcome Mr K was hoping for and I know Mr K will be disappointed with the decision I've reached. I hope it provides some clarity around why I won't be asking HSBC to take any further action to compensate Mr K.

### **My final decision**

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 13 May 2025.

Chandni Green  
**Ombudsman**