

The complaint

Mr H complains that HSBC UK Bank Plc blocked his account and took too long to release his account balance. Mr H is also unhappy that HSBC closed his account. He says this caused him financial problems and he wants compensation.

What happened

The detailed background of this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

Mr H had a personal current account with HSBC.

On 18 January 2024 an attempted payment of just over £4,000 was made to Mr H's account, from an individual I will refer to as B. The sending bank asked HSBC to stop the payment.

Following this HSBC decided it needed to review how Mr H was operating his account. As part of its review HSBC reached out to Mr H for more information about the payment. Whilst it completed its review HSBC blocked Mr H's account. At the time the balance of Mr H's account was just over £2,000.

Mr H told HSBC that the money he'd been expecting was a loan from his friend, whom he'd known for years and provided a different name to the sender of the funds. He explained that he intended to use the money to pay commission costs for recovering money following an investment he'd made with a company that had gone into liquidation. HSBC told Mr H that the sending bank had raised concerns about the money. And that the money hadn't been sent by Mr H's friend, but had come from someone else. Mr H said he was surprised and would check everything with his friend.

HSBC said it would review the information Mr H had provided and that his account would remain blocked. Whilst the account was blocked HSBC said Mr H could access any benefits or wages in his account by visiting a branch with identification.

HSBC reviewed the information along with the information it had received from the sending bank. HSBC weren't happy with Mr H's explanation. So, it continued to block Mr H's account. Following this, in June 2024, HSBC decided to close Mr H's account and released his account balance.

Mr H complained to HSBC. He said not being able to access the money in his account was making things very difficult for him. Mr H maintained that the money he was expecting in January 2024, was a legitimate payment and HSBC were taking far too long to complete its review. Mr H asked HSBC to provide him with an explanation about what it was doing.

HSBC didn't provide Mr H with much information. It apologised for any inconvenience the block had caused Mr H but said it hadn't done anything wrong and had acted in line with its legal and regulatory obligations and the terms of the account.

Unhappy with this response Mr H brought his complaint to our service. He said HSBC had treated him unfairly when it had blocked his account for six months. He said the money he was expecting in January 2024, was a loan from his friend to help him with the costs of setting up his business website. So, he doesn't understand why HSBC took as long as it did to review things and release the money in his account. He said he wants HSBC to compensate him for the trouble and upset he's been caused – to put things right he wants HSBC to pay him his account balance again and the £4,015 he was expecting in January 2024.

One of our investigators looked at Mr H's complaint. The investigator asked Mr H why he'd provided a different explanation to our service about the £4,015 to what he told HSBC. Mr H said he was going to use the money for work on his website and to recover his money from the investment company.

The investigator reviewed everything and didn't think HSBC had treated Mr H unfairly when it had reviewed and closed his account. After looking at all the circumstances and evidence, he also said that HSBC hadn't done anything wrong when it had asked Mr H for information and withheld his funds. So, he didn't uphold the complaint.

Mr H disagreed with the investigator. He wants HSBC to provide a proper explanation for why it took so long for HSBC to complete its review. He said his friend who sent him the money is now having problems with her account and he has fallen out with her over what happened. So, he should be compensated.

As no agreement could be reached the matter has come to me to decide.

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 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 that we considered should be kept confidential. This means I haven't been able to share a lot of detail with Mr H, but I'd like to reassure him that I have considered everything.

I can see Mr H feels very strongly about his complaint. That's clear from what's he's said to us and to HSBC. Whilst I appreciate Mr H's frustration and how this matter has impacted him, it's important to point out that the only thing in question here is whether HSBC has done what it should have done. And I think it has. I'll explain why.

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 customer, monitor accounts, verify the source and purpose of funds, as well as detect and prevent other 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 result. The terms and conditions of Mr H's account also make provision for HSBC to carry out reviews, ask for information and suspend an account.

I've considered the basis for HSBC's review and having done so I find this was legitimate and in line with its legal and regulatory obligations. I'm satisfied HSBC acted fairly by blocking and reviewing Mr H's account. So, I can't say HSBC have done anything wrong when it decided to review Mr H's account.

As part of their review, HSBC asked Mr H for detailed information about the attempted credit - where it came from and why he was receiving it so that it could comply with its obligations. Having reviewed everything, I think HSBC's requests were reasonable in the circumstances. Ultimately it is HSBC who decide what information they do or do not require as part of a due diligence review - they have a duty to protect their customer's money and understand where it came from. Because of that, I can't fairly conclude HSBC acted inappropriately when it asked Mr H to provide it with information about the source and purpose of the credit that HSBC stopped.

Mr H has said that HSBC took far too long to complete its review of his account. And he wants compensation for the trouble and upset he's suffered. I've looked at the information HSBC provided about what it was doing as part of its review. Having done so I'm not satisfied that HSBC has provided sufficient evidence to show it couldn't have completed its review earlier. But it doesn't follow that I must award Mr H compensation in these circumstances. Instead, I have to consider all the circumstances and information surrounding Mr H's complaint to decide whether I think awarding compensation would be a fair and reasonable outcome.

After considering what Mr H has said and the content of HSBC's review, which includes the information HSBC has provided to our service in confidence, I don't find awarding Mr H compensation would be fair or appropriate. I understand Mr H would naturally want to know the information I have weighted in order to reach this finding. But as I've set out already, I am treating this information in confidence, which is a power afforded to me under the Dispute Resolution Rules (DISP), which form part of the Financial Conduct Authority's regulatory handbook.

Accordingly, I have accepted information in confidence which I am not disclosing to Mr H. And the description of that information is that it's of a nature which justifies HSBC's review, and which has led me to decide that awarding Mr H compensation would not be a fair or appropriate outcome for any of the matters he has brought as part of this complaint.

So, I'm not requiring HSBC to compensate Mr H for any trouble and upset he may have experienced as a result of a potential delay in HSBC carrying out its review, and the further dissatisfaction he experienced which ultimately flowed from not having access to the funds in his account, including his unhappiness with HSBC's communication and the information it didn't provide him.

I've next looked at the closure of Mr H's account. Sometimes following a review, a bank will decide to close an account. HSBC is entitled to close an account with Mr H just as he is entitled to close his account with HSBC. It's generally for banks and financial businesses to decide whether or not they want to provide, or to continue to provide, banking facilities to any particular customer. Unless there's a very good reason to do so, this service won't usually say that a bank must keep a customer or require it to compensate a customer who has had their account closed.

As long as they reach their decisions fairly, it doesn't breach law or regulations and is in keeping with the terms and conditions of the account, then this service won't usually intervene. But before HSBC closes an account, they must do so in way which is fair and complies with the terms and conditions of the account. I've looked at the terms and

conditions and they state that HSBC could close Mr H's account by giving at least two months' notice. And in certain circumstances it could close the account immediately.

In this case HSBC closed Mr H's account without notice. For HSBC to act fairly here they needed to meet the criteria to apply their terms for immediate closure – and having looked at these terms and all the evidence that the bank has provided, I'm satisfied that HSBC did. And that it was entitled to close the account as it's already done.

I've then gone on to consider whether the bank's reasons for closing the account was fair. This can be due to a number of reasons and a bank isn't obliged to give a reason to the customer. HSBC has provided some further details of its decision making process, I'm sorry but I can't share this information with Mr H due to its commercial sensitivity. But I've seen nothing to suggest HSBC's decision around closing Mr H's account was unfair.

I understand of course why Mr H wants to know the exact reasons behind HSBC's decision to block and close his account, other than what he's been previously told. And I can see that Mr H has asked HSBC to explain itself on several occasions. But HSBC doesn't disclose to its customers what triggers a review of their accounts. And it's under no obligation to tell Mr H the reasons behind the account review and closure of his account, as much as he'd like to know. So, I can't say it's done anything wrong by not giving Mr H this information. And it wouldn't be appropriate for me to require it to do so.

In summary, I recognise how strongly Mr H feels about his complaint, so I realise he will be disappointed by my decision. But overall, based on the evidence I've seen and circumstances of this case, I can't say HSBC have acted unreasonably or treated Mr H unfairly in taking the actions it did. So, I won't be telling HSBC to do anything more to resolve Mr H's complaint.

My final decision

For the reasons I've explained, my final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 12 November 2024.

Sharon Kerrison
Ombudsman