

The complaint

Mr C complains HSBC UK Bank Plc unfairly blocked his account.

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 C held a basic bank account with HSBC. On 4 June 2024 following a review, HSBC blocked Mr C's account. Mr C raised a formal complaint about the block in late June 2024 as he was unable to use his debit card or use banking services to access the account. HSBC issued a final response letter on 1 July 2024 explaining the account was subject to review, in line with the account terms and conditions. HSBC explained that until the review was complete Mr C could access benefits and any salary paid into the account by taking identification to Mr C's local branch.

Mr C remained unhappy and referred his complaint to our service. An Investigator reviewed his concerns, and they didn't uphold Mr C's complaint. In summary they explained:

- HSBC's regulatory obligations meant it was required to monitor and review customer accounts and it didn't need to give Mr C notice of this review.
- HSBC asked Mr C about account activity, and it wasn't satisfied with the information provided. This seems reasonable in light of the available evidence.

Mr C remained unhappy and maintained HSBC had acted unfairly. 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.

I can see Mr C feels strongly about his complaint. That's clear from what's he's said to us and to HSBC. However, based on the available evidence I think HSBC has acted reasonably in how it handled Mr C's account. I'll 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. This includes establishing the purpose and intended nature of transactions as well as the origin of funds, and there may be penalties if they don't. That sometimes means HSBC needs to restrict, or in some cases go as far as closing, customers' accounts.

Our rules allow us to receive evidence in confidence. We may treat evidence from financial businesses as confidential for a number of reasons – for example, if it contains information about other customers, security information or commercially sensitive information. It's then for me to decide whether it's fair to rely on evidence that only one party has seen. It's not a

one-sided rule; either party to a complaint can submit evidence in confidence if they wish to, and we'll then decide if it's fair to rely on it. Here, the information is sensitive and on balance I don't believe it should be disclosed. But it's also clearly material to the issue of whether HSBC has treated Mr C fairly. So, I'm persuaded I should take it into account when deciding the outcome of the complaint.

Having carefully considered the information provided to me in confidence by HSBC, I'm satisfied HSBC took the decision to review and block Mr C's account fairly. Whilst I am unable to share specific details, I am satisfied HSBC acted in line with the legal obligations it must adhere to. I must also highlight the terms and conditions of Mr C's account allow HSBC to review and block the account to ensure it is able to meet its regulatory obligations.

As part of the review process HSBC carried out a proof of entitlement exercise and wanted to establish further details about Mr C's account usage. Mr C says he co-operated with this and provided information to HSBC about the payments into his account and the source of funds. HSBC didn't consider this information to be sufficient to mitigate its concerns, and it continued to review and block Mr C's account. I consider this to be reasonable as HSBC provided Mr C with an opportunity to alleviate its concerns, but this wasn't possible based on the evidence provided. Given the information provided to this service by HSBC in confidence, I think HSBC has acted appropriately and in keeping with its regulatory duties.

Mr C says HSBC's decision to block his account caused him significant distress and inconvenience and he has provided evidence to demonstrate the far-reaching impact the block has had. I do appreciate this matter would've caused him some difficulty, as Mr C appears to have used his HSBC account regularly. But having looked at what's happened in this particular case, I can see no basis on which I might make an award against HSBC as I don't think it has done anything wrong in restricting Mr C's account.

I know this will not be the outcome Mr C was hoping for, but I am satisfied HSBC acted reasonably in taking action to discharge its regulatory obligations. I know Mr C will be disappointed with the decision I've reached, but I hope it provides some clarity around why I won't be asking HSBC to take any further action or compensate Mr C.

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 C to accept or reject my decision before 10 December 2024.

Chandni Green
Ombudsman