



The complaint

Ms T complains that HSBC UK Bank Plc closed her account, without providing a proper explanation. Ms T also complains HSBC took too long to return her closing account balance.

What happened

Ms T had a current account with HSBC, which she used to pay for everyday expenses.

In 2019, Ms T left the UK to live and work overseas. She did not update her contact details with HSBC.

In late 2019, HSBC decided to review Ms T's account. Following this on 11 November 2019, HSBC decided to close Ms T's account and wrote to her at her UK address to let her know she had 60 days to make alternative banking arrangements. HSBC enclosed a cheque for Ms T's closing balance.

Due to being overseas Ms T didn't get HSBC's closure letter and cheque. She discovered that her account had been closed when she had problems receiving her salary in July 2019.

Ms T complained to HSBC and asked the bank to provide an explanation why it no longer wanted her as a customer. She said the closure of her account had caused her a good deal of trouble and upset. And had impacted her mental health. She said she has always used her account properly and can explain every transaction.

In response, HSBC said it hadn't done anything wrong and had closed the account in line with the account terms and conditions. HSBC said it had sent Ms T a notice to close to the address it had on file – which was in the UK. HSBC offered to transfer Ms T's closing balance to another account but Ms T said she wanted a cheque. HSBC acknowledged that it had taken too long to send out a cheque for Ms T's closing balance, which at the time the account was closed was just over £300. To put things right HSBC offered to pay Ms T 8% simple interest for the delays.

Ms T remained unhappy and brought her complaint to our service where one of our investigator's looked into what had happened. The investigator said based on the information HSBC had provided she was satisfied the bank had treated Ms T fairly when it had closed her account. But she thought HSBC should have returned Ms T's funds. To put things right she said HSBC should pay Ms T £100 compensation along with 8% interest.

Ms T didn't accept the investigators view. She said she wants to know why HSBC closed her account. And that the closure caused her a lot of problems.

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.

The summary of events above is brief, and in far less detail than both parties have given. I don't intend any discourtesy in taking this approach. Instead, I've focused on what I consider to be the key issues involved here. The rules of our service – The Dispute Resolution (DISP) rules in the Financial Conduct Authority's handbook – provide me the discretion to do this. This is to reflect the informal nature of our service, as an alternative to the courts. If I haven't mentioned something in particular either party has submitted, this isn't because I've not considered it or taken it on board. Rather I do not feel I need to comment on it to reach a fair and reasonable outcome.

I would add too that 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

DISP 3.5.9R states:

“The ombudsman may:

(1) exclude evidence that would other HSBC be admissible in a court or include evidence that would not be admissible in a court;

(2) accept information in confidence (so that only an edited version, summary or description is disclosed to the other party) where he considers it appropriate;

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 Ms T fairly. So, I'm persuaded I should take it into account when deciding the outcome of the complaint. I'm sorry to Ms T that I won't be able share a significant amount of detail. But I would assure her that I've considered everything carefully.

HSBC has important legal and regulatory obligations it must meet when providing accounts to customers. They can broadly be summarised as a responsibility to protect persons from financial harm, and to prevent and detect financial crime. This sometimes leads accounts being closed. The terms and conditions of Ms T's account also make provision for this.

I've gone on to consider whether HSBC acted fairly when it closed Ms T's account. It's generally for banks and financial businesses to decide whether or not they want to provide, or to continue to provide, account facilities to any particular customer. Unless there's a very good reason to do so, this service won't usually say that a bank or financial business must keep customer or require it to compensate a customer who has had their account closed.

HSBC is also entitled to set their own policies and part of that will form their risk criteria. It is not in my remit to say what policies or risk appetite HSBC should have in place. I can however, while considering the circumstances of individual complaints, decide whether I think customers have been treated fairly.

As long as banks and financial businesses 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 they shouldn't decline to continue to provide account services without proper reason, for instance of unfair bias or unlawful discrimination. And

they must treat new and existing customers fairly.

HSBC have relied on the terms and conditions when closing Ms T's account. I've reviewed the terms and they explain that HSBC can close an account for any reason by giving two months' notice. HSBC provided Ms T with the full notice period. So, I'm satisfied that it has complied with this part.

I acknowledge that Ms T didn't receive the notice to close letter in 2019. But I'm satisfied that HSBC sent the letter to the address it had recorded on its systems for Ms T. I can't hold Ms T responsible for Ms T not updating her contact details when she moved overseas.

I've then gone on to consider whether HSBC's reasons for closing the account was fair. In doing so, I appreciate that HSBC is entitled to set their own policies and part of that will form their risk criteria. It is not in my remit to say what policies or risk appetite HSBC should have in place. I can however, while considering the circumstances of individual complaints, decide whether I think customers have been treated fairly.

After considering all the available evidence and circumstances, I haven't seen any evidence that would lead me to conclude HSBC closed Mr T's account for an improper reason. There's nothing that I've seen, that suggests it amounted to anything other than a legitimate exercise of its commercial discretion. That in turn means it can choose who it has a customer relationship with. This is a decision that I can't interfere with as it is a commercial business decision. So, it was entitled to close the account as it's already done. And I won't be directing HSBC to reopen Mr T's account.

I understand of course why Ms T wants to know the exact reasons behind HSBC's decision to close her account. it can't be pleasant being told you are no longer wanted as a customer. But HSBC doesn't disclose to its customers what triggers a review of their accounts. And it's under no obligation to tell Ms T the reasons behind the account closure, as much as he'd like to know. So, I can't say it's done anything wrong by not giving Ms T this information. And it wouldn't be appropriate for me to require it to do so now.

Ms T contacted HSBC on 17 July 2024 about the closure of her account and provided the bank with her contact details. HSBC offered to transfer Ms T's closing balance, but Ms T insisted she wanted a cheque. She asked HSBC to send the cheque to her overseas address. But HSBC didn't do this. HSBC have provided a detailed explanation for why this didn't happen – other than this was due to administrative error. HSBC accepts it caused delays. So, I'm satisfied that Ms T has been caused some trouble and upset and that she has been deprived of her funds for longer than necessary.

To put thing right the investigator has recommended that HSBC pay Ms T £100 compensation and 8% interest on her account balance from 17 July 2020. I'm satisfied this is fair and reasonable based on the impact HSBC's actions had on Ms T.

HSBC has asked this service to confirm Ms T's address so that it can send her a cheque. I can see that the investigator has written to Ms T recently in order to do this on 3 October 2024, but Ms T hasn't provided details of her address. With this in mind, I won't be asking HSBC to compensate Ms T for not receiving her closing balance beyond this date, as I'm not satisfied HSBC is responsible for any further delays.

My final decision

For the reasons I've explained, my final decision is that I uphold this complaint. To put things right HSBC UK Bank Plc should:

- Pay Ms T £100 compensation for taking too long to return her closing balance.
- Pay Ms T 8% simple interest on her closing balance 17 July 2020 until 3 October 2024*.

*If HSBC considers that it's required by HM Revenue & Customs to deduct tax from that interest, it should tell Ms T how much it's taken off. It should also give Ms T a tax deduction certificate if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms T to accept or reject my decision before 1 January 2025.

Sharon Kerrison
Ombudsman