

The complaint

Mr G complains HSBC UK Bank Plc (“HSBC”) restricted and later closed his account without notice nor explanation.

Mr G says HSBC’s actions caused him financial hardship, exacerbated his acute health conditions, distress, and inconvenience.

What happened

The details of this complaint are well known by both parties, so I won’t repeat them again here in detail. Instead, I’ll focus on setting out some of the key facts and on giving my reasons for my decision.

In May 2024, following a review, HSBC restricted Mr G’s account. He was permitted to withdraw any funds relating to wages and benefits from a HSBC branch. Unhappy with HSBC’s actions Mr G complained. HSBC didn’t uphold the complaint and said Mr G would need to make alternative arrangements for some direct debits particularly as there was no fixed timescale for the review.

In early July 2024, HSBC removed the restrictions on Mr G’s account and notified him about this. Later, in August 2024, HSBC notified Mr G it was closing his account with immediate effect. A cheque for the closing balance was sent to Mr G. Around this time Mr G was sent a replacement debit card which he says added insult to injury.

Mr G referred his complaint to this service. One of our Investigator’s looked into it, and they recommended it wasn’t upheld. In summary they said:

- HSBC acted in line with the terms and condition when restricting and closing the account and it doesn’t have to give an explanation
- Mr G has provided information about his health conditions and its understandable he would’ve been distressed by HSBC’s actions. Its possible too that the review could’ve been completed sooner, buts based on the available information awarding compensation isn’t appropriate

Mr G didn’t agree with what our Investigator said. He says the recommendation isn’t fair, proportionate nor reasonable especially given the impact to his health. As there is no agreement, this complaint has been passed 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.

Having done so, I have decided not to uphold this complaint.

I’d like to assure Mr G that I’ve carefully reviewed everything he has said and provided - particularly to do with his acute health conditions, and the financial hardship he says he’s

had to face. I'd also like to assure Mr G that I do not in any way undervalue the impact HSBC's actions have had on him. So, I'll explain why I've reached the decision I have.

Banks in the UK, like HSBC, are strictly regulated and must take certain actions in order to meet their legal and regulatory obligations. They are also required to carry out ongoing monitoring of an existing business relationship. That sometimes means banks need to restrict, or in some cases go as far as closing, customers' accounts.

HSBC has explained, and provided supporting evidence, for why it reviewed and restricted Mr G's account. Having carefully considered this, I'm satisfied it did so in line with its obligations.

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 the account, which HSBC and Mr G had to comply with, say that it could close the account by giving them at least two months' notice. And in certain circumstances it can close an account immediately or with less notice.

After unrestricting the account, HSBC decided to close it a short while later with immediate effect. HSBC has explained and sent me evidence as to why it did this. On balance, I'm persuaded that it did so in line with the terms and conditions of the account.

I know Mr G would like a detailed explanation, but HSBC is under no obligation to do so. 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 we consider should be kept confidential.

Mr G says that it added insult to injury that he was sent a new debit card after his account was closed. I can appreciate why this would have drawn such an emotive response, but I think it's likely this was done as he had shortly before disputed transactions on his account as fraudulent. It's typical when making such a claim, that it triggered an automated response from HSBC to send a new card to stop the previous one.

Mr G says this matter has caused him financial hardship, distress, and inconvenience. He also says, as I've mentioned above that it has exacerbated his acute health conditions – and bought some of it on. But having looked at what's happened in this particular case, I see no basis on which I might make a compensation award against HSBC given I don't think it's done anything wrong in restricting and closing the account in the way it has.

I do however note that HSBC's review and restrictions took much longer than I would expect. HSBC has said this is down to its resourcing. After considering the content of HSBC's review, I don't find awarding Mr G compensation would be fair or appropriate for any delays. I understand G would want to know the information I have weighed to reach this finding. But, as I've already said, 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.

So I'm not going to ask HSBC to compensate Mr G for any distress, inconvenience, or financial hardship its actions may have caused.

My final decision

For the reasons above, I have decided not to uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 6 December 2024.

Ketan Nagla
Ombudsman