

The complaint

Mr M complains that HSBC UK Bank Plc blocked and closed his account and that it placed a CIFAS marker against his name.

What happened

Mr M had an account with HSBC, which was closed when he reported fraud on it. He opened a new account in August 2023.

In September 2023 HSBC blocked his new account, and in December 2023 closed it. It sent the balance of just over £2,400 by cheque to Mr M in January 2024. It also paid him £400 in recognition of the delays in dealing with the matter.

HSBC also registered a CIFAS marker against Mr M's name. CIFAS is the UK's fraud alert service.

Mr M complained about what had happened, first to HSBC and then to this service. One of our investigators considered what had happened but did not recommend that the complaint be upheld. He thought that HSBC had acted fairly.

Mr M didn't accept the investigator's view and asked that an ombudsman review the case.

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.

It is generally for banks to decide whether to provide, or to continue to provide, account services to any particular customer. They can exercise their commercial discretion in such matters and, as long as that discretion is exercised legitimately, this service won't usually intervene. I have considered that issue here, and am satisfied that HSBC's decision to block and then to close Mr M's account was a legitimate one. HSBC did not have to tell Mr M exactly why it had decided to close his account.

Banks should however give reasonable notice before closing an account. What is reasonable depends on the circumstances. I have considered carefully the circumstances leading to the closure of Mr M's account in this case and am satisfied that HSBC was entitled to close it without notice.

I turn then to the CIFAS registration. This service can, where the ombudsman considers it appropriate to do so, receive evidence in confidence. HSBC has asked that some of the evidence it has provided here be kept confidential, and I am satisfied that was a reasonable request.

Having considered carefully the evidence that HSBC has provided, however, I am satisfied that it was justified in placing a CIFAS marker against Mr M's name. In doing so, it was acting in line with its obligations to CIFAS and its members to share relevant information.

My final decision

For these reasons, my final decision is that I do not uphold Mr M's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 2 January 2025.

Mike Ingram
Ombudsman