

The complaint

Mr Y complains HSBC UK Bank Plc unfairly removed a payment from his account and then blocked and closed his account. He wants the payment repaid to him and compensation for the impact their actions had on him.

What happened

Mr Y held a current account with HSBC. In August 2023 HSBC removed a large payment he received from his father and blocked his account to carry out a review.

Mr Y contacted HSBC to query the payment that left his account, at which point he was told his account was under review and was blocked. He was told no further information could be provided, but he could withdraw salary and benefit payments by going into branch while the review was being carried out.

In December 2023 HSBC decided to close Mr Y's account immediately. They said they would send him a cheque for the balance minus the payment they debited.

Mr Y raised a complaint which HSBC didn't uphold. In their final response letter, they said they had given the correct notice under their terms and conditions, they weren't able to reveal why they closed the account because it was commercially sensitive, and the payment they removed was due to a fraud case.

Unhappy with their response, Mr Y brought his complaint to our service.

Our investigator didn't uphold his complaint. They concluded HSBC's review was done in line with their legal and regulatory obligations, the decision to close the account was fair, and they didn't need to return the payment they took from his account.

Mr Y disagreed and asked for a final decision from an ombudsman. As a result, his complaint has been given 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.

HSBC have important legal and regulatory obligations to meet when providing accounts. They can broadly be summarized as a responsibility to know their customer, monitor accounts, verify the source and purpose of funds, as well as detect and prevent other harm. Periodically or where a concern arises, banks will usually carry out a review and sometimes block accounts until the review completes or their concern is allayed. They may also sometimes conclude funds shouldn't be returned to a customer depending on the nature of their concern and surrounding information.

Here HSBC were concerned by the payment Mr Y received. I've reviewed their reasons and find they were reasonable. In this light, I'm satisfied their decision to block his account before they decided what further action to take was proportionate.

Mr Y told HSBC the payment represented repayment of a loan he gave to his parents. He provided some further information to our service and highlighted a payment he made in 2015 on his HSBC statement, which he says was paid to his cousin who was going to bring it to another country where his parents wanted the money. I appreciate what Mr Y says may be true.

Mr Y further said HSBC should be satisfied by proof the payment originated from his father's account. But HSBC are entitled to understand the purpose behind a transaction and in certain situations require evidence to help substantiate it. Based on the nature of HSBC's concern and what informed it, I'm satisfied they acted within their legal and regulatory obligations, and I don't require them to repay the payment to Mr Y.

I appreciate Mr Y may want to know the exact reason HSBC removed the payment and closed his account, but I've accepted that information in confidence, which is a power afforded to me under the Dispute Resolution Rules (DISP) which govern our service's jurisdiction and powers. A description of that information is it relates to concerns about the payment, and it's confidential in nature, such that I find it should not be disclosed.

HSBC completed their review in late November 2023 and decided to close Mr Y's account with immediate effect in early December 2023. I have carefully considered the applicable terms and conditions and nature of the closure and note also that Mr Y held another current account with a different bank at that time - although he says he didn't use it. On balance I'm satisfied HSBC acted fairly by closing the account and issuing him a cheque for his balance minus the payment they removed.

I was sorry to hear the impact Mr Y said not having use of his funds had on him and I appreciate this must have been a very stressful time. It's possible HSBC could have completed its review sooner than it did. But in light of the information I accepted in confidence, and the foundation behind HSBC's concerns, I don't find it appropriate to award him compensation.

Mr Y said he didn't receive HSBC's cheque, although I have seen a copy of the letter that purports to include the cheque HSBC say they sent, and their system record of the letter being sent. It's possible Mr Y didn't receive the cheque, but I cannot reasonably conclude this was the fault of HSBC, so I'm not awarding compensation to him for the period after his account closed until he received the remaining balance of his account by payment transfer.

My final decision

My final decision is I do not uphold Mr Y's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr Y to accept or reject my decision before 31 December 2024.

Liam King
Ombudsman