

The complaint

Mr A complains that HSBC UK Bank Plc restricted his account for over year.

What happened

Mr A had an account with HSBC. In June 2022, HSBC carried out a review of the account – it says it needed to contact Mr A to update his details. But Mr A was abroad at the time, and so he didn't get in touch with HSBC until October 2022. By this time HSBC had placed restrictions on the account, and wanted to close it.

Mr A contacted HSBC a number of times during the months that followed – both over the phone and by attending branch. It appears he couldn't pass security over the phone – and was told to visit the branch. But staff in branch weren't able to help him, and kept telling him to contact HSBC over the phone. Unhappy about this, Mr A complained to HSBC.

HSBC investigated matters. It said it could either close the account and pay Mr A the remaining funds, or it could complete the review. But HSBC accepts there's been service errors here – and offered to pay Mr A £500 plus interest on the funds it blocked from March 2023 – when it thinks it should have resolved matters in the branch.

Our investigator looked at this. She thought fairer compensation would be £1,000. And she thought HSBC could have sorted things out sooner and should calculate interest from 1 December 2022.

HSBC doesn't agree. It says it won't pay more than £750 and that Mr A didn't contact it until March 2023, which is why it calculated interest from then. It then found some more calls from October 2022 and January 2023, but says that Mr A was confused during these calls which meant that it wasn't in a position to act differently.

As the investigator couldn't resolve matters informally, the 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.

HSBC accepts there's been clear service errors here – and based on what I've seen, I agree. In particular, HSBC accepts that it hadn't told its front-line staff the correct process to follow in Mr A's case. With this in mind, I agree the complaint should be upheld. I therefore need to consider what HSBC should do to put things right. In particular, I've considered what would most likely have happened had things happened as they should have, together with the impact HSBC's failings had on Mr A.

I accept that HSBC was entitled to carry out the original review. HSBC was also entitled, in line with both the terms and conditions of the account and its wider legal and regulatory obligations, to place restrictions on the account when it couldn't get in touch with Mr A. I

acknowledge that Mr A was in fact abroad caring for a relative, but I see HSBC had tried to contact him by phone, letter, email and text message. So I can't say HSBC did anything wrong here.

But after Mr A returned to the UK he did contact HSBC. He says he first attended a branch who told him to contact HSBC by telephone. He called HSBC on 25 October 2022. I've listened to the call. Mr A didn't successfully complete HSBC's security questions and was told he needed to contact the branch.

Mr A then contacted HSBC again on 17 January 2023. During this call, he told HSBC that his card had been retained by a machine, and the branch hadn't been able to sort things out. HSBC told Mr A that as he hadn't passed security, he'd need to go back to the branch. At this point a friend of Mr A took the phone, and told HSBC that Mr A had already been to the branch, who'd told them to call HSBC. The friend explained that Mr A was "lost", stuck in a back and forth with HSBC. HSBC told Mr A's friend that Mr A needed to go to the branch and tell the branch he'd failed security.

On 28 March 2023, Mr A called HSBC again. He explained he'd been to his branch five times, and that most recently he'd spoken to someone who'd taken his details and given him a reference number. He wanted to know what was happening. Mr A wasn't able to complete HSBC's security questions. HSBC once more told Mr A he needed to attend the branch.

Then in July, assisted by a third party, Mr A contacted HSBC again. He said he'd now been in branch 8 times, and that rather than helping him the branch had instead suggested he raise a formal complaint against HSBC.

Thinking about everything that happened here, I find HSBC could have done more to help Mr A. It was clear very early on that Mr A was having difficulties completing the review. HSBC wasn't able to assist Mr A in branch and he spent months going back and forth between telephone banking, who couldn't help him, and the branch, who kept referring him back to telephone banking. I acknowledge that some of this stemmed from Mr A's inability to pass security over the phone. But HSBC accepts that it didn't give staff the information they needed to help Mr A. Had things happened as they should have done, I'm satisfied HSBC could have sorted things out and removed the restrictions far sooner.

My normal starting point in cases like this is to award simple interest to compensate the complainant for the time they've been deprived of funds. This should run from the date HSBC ought to have removed the restrictions from the account until 28 November 2023 when it in fact removed the restrictions. I've thought about what HSBC has said about that. It initially said it wasn't contacted by Mr A until March 2023 – and offered interest from then. It now accepts that Mr A contacted it in October, January and March, but claims it wasn't able to help because of the customer's "confusion". It also disputes whether Mr A visited the branch – it says that had he done so, the branch would usually call on the customer's behalf.

I've thought about this. Where there's disagreement about what happened, I need to decide what most likely happened. I have no good reason to doubt what Mr A has said about his contact with HSBC – it's confirmed by third parties during the calls he had. I'm also not persuaded I can give as much weight to what HSBC says its staff would "usually" do given HSBC accepts that, in Mr A's case, it gave staff incorrect information about the process they'd need to follow. While I cannot say for certain how quickly HSBC could have sorted things out – and I note there were long gaps between Mr A contacting HSBC by phone – I think it's likely that this could have been sorted out by December 2022. This is the date suggested by the investigator – and I note that Mr A has agreed with the investigator's recommendation. In the circumstances, I think it's fair that interest should run from 1 December 2022.

I've next considered the trouble and upset caused by HSBC's actions. Mr A says he suspected that HSBC's actions were motivated by discrimination. I've seen nothing to show that HSBC's actions were in fact motivated this way – but I don't find it surprising or unreasonable that Mr A felt this way given the service he experienced. I think this would have heightened the impact this had on him and caused him significant distress. Mr A repeatedly had to go back and forth between the branch and telephone banking and didn't get access to his account for nearly a year. And for the reasons I've already given above, I conclude that much of this delay could have been avoided had things happened as they ought. With this in mind, I think the £1,000 the investigator has recommended is fair compensation for the distress this caused.

Putting things right

HSBC should pay simple interest at 8% a year on the balance of Mr A's account from 1 December 2022 until 28 November 2023 when it removed the restriction from the account.

If HM Revenue & Customs requires HSBC to deduct income tax from that interest, it should tell Mr A how much it's taken off. It should also give Mr A a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

HSBC should also pay Mr A £1,000 to reflect the trouble and upset it caused.

My final decision

I uphold the complaint. HSBC UK Bank PLC should put things right by doing what I've said above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 25 February 2025.

Rebecca Hardman
Ombudsman