

## The complaint

Ms G, a sole trader, complains that HSBC UK Bank Plc closed her business bank account.

## What happened

Ms G is a sole trader and had an account with HSBC. In April 2024, HSBC carried out a review of the account and decided to close it. Ms G complained to HSBC and referred the complaint to us.

In an attempt to resolve matters informally I've set out my thoughts to HSBC and Ms G. In summary:

- After HSBC opened the account, there was an issue with the mandate which meant HSBC thought it was dealing with Ms G as director of a limited company rather than as a sole trader. HSBC had previously looked at complaints about this issue and paid Ms G £1,000 in 2018 and more recently paid a further £600. It appears the closure of this account stemmed from this mistake.
- With this in mind, I wasn't satisfied the closure should have happened.
- The investigator had previously recommended that HSBC pay Ms G £150 for the distress and inconvenience it caused, plus simple interest on the balance of the account for the period Ms G couldn't access the funds. I looked at what happened and thought that the compensation for distress and inconvenience should be increased to £750.
- HSBC agreed with this recommendation. Ms G, through her representative, wants more and has explained why.

As I've not resolved the matter informally, I have considered the complaint afresh.

## 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.

Where I uphold a complaint, the compensation I'd recommend is intended to reflect the impact of the business's actions. Where I make an award for distress or inconvenience, this is not intended to punish the business or deter future misconduct, but to reflect the impact of the business's actions.

Here, I find on balance that if things had happened as they should have, HSBC wouldn't have closed the account. And so I need to decide what compensation is fair.

I've considered what Ms G has said about this. In summary, Ms G thinks I should make a higher award for the following reasons:

- There have been repeated errors by HSBC which HSBC had a chance to put right.
- Ms G was particularly vulnerable and the consequences had a particularly severe personal impact.

- Ms G's business experience severed disruption requiring substantial efforts to resolve.
- Ms G suffered significant distress because of the fear of serious consequences.

I've carefully considered Ms G's comments. We've also set out our general approach to compensation on our website. I've considered this when looking at Ms G's complaint.

I acknowledge that Ms G had complained about the mandate previously – and so HSBC had a chance to put things right. Equally, HSBC has already paid significant compensation in respect of these failings. I've taken this into account when considering fair compensation in the circumstances of this complaint.

Ms G has emphasised the potential impact HSBC's actions might have had on the business. In particular, she says the business could potentially have failed entirely because of HSBC's actions. She says that had she not sourced funding from elsewhere, she wouldn't have been able to meet important commitments, such as salaries, when due.

I have every sympathy for Ms G and don't doubt what happened was distressing. In deciding fair compensation, however, my focus is on what actually happened. As a business owner, Ms G had a responsibility to take reasonable steps to mitigate the impact of HSBC's actions. Here, she did. She says a personal contact was able to lend her money to meet her immediate expenses. So even if I accept that Ms G might otherwise have had to close her business or borrowed money at exorbitant interest rates, this isn't something I'd award additional compensation for. And in so far as the emergency funding was used to pay Ms G's normal business expenses, and was then repaid after Ms G regained access to her funds, this isn't a financial loss to Ms G.

I accept that sorting things out would have required significant effort by Ms G and her staff. It would have caused inconvenience to Ms G and her business. It would also have caused distress to Ms G personally. I note that during one of the calls, Ms G experienced a medical incident and required emergency assistance.

Taking these factors into account, I accept that what happened caused Ms G considerable distress, upset and worry – and caused significant inconvenience and disruption to her business that needed a significant effort to sort out. I note, though, that HSBC did delay the closure for 60 days, and that Ms G was able to set up a new account for her business with another provider. I cannot award for distress and inconvenience experienced personally by members of Ms G's staff – or the person she borrowed the emergency funds from.

When I consider all of this, I'm satisfied an award of £750 for distress and inconvenience will be fair compensation in the circumstances of this case and in line with our usual approach compensation for distress, inconvenience, trouble and upset, bearing in mind both the inconvenience to Ms G's business and the distress experienced by Ms G.

### **Putting things right**

HSBC should:

- Pay simple interest (the rate is 8% simple a year) on the balance of Ms G's account for the period she was denied access to the funds from 19 April 2024 until access was returned.
- Pay £750 to reflect the distress and inconvenience its actions caused.

If HMRC requires HSBC to pay tax on this interest it should provide Ms G with a certificate setting out how it has worked this out should it want one.

### **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 Ms G to accept or reject my decision before 19 December 2025.

Rebecca Hardman  
**Ombudsman**