

The complaint

Ms G complains HSBC UK Bank Plc (“HSBC”) withheld access to her salary when it had said she could access it whilst reviewing and restricting her Basic bank account.

Ms G says HSBC’s actions have caused her financial loss, significant 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 August 2024, HSBC restricted Ms G’s account whilst it was carrying out a review. HSBC informed Ms G she could withdraw funds in its branch if they related to any salary or benefits. Unhappy with HSBC’s actions, Ms G complained. HSBC didn’t uphold Ms G’s complaint. In summary, it made the following key points:

- Sometimes it becomes necessary for HSBC to carry out an account review and it will need to temporarily suspend access to it whilst doing so. And during this time, customers are unable to access their funds, and regular payments like direct debits will not be processed
- Ms G can however access her salary and/or state benefits by visiting a HSBC branch with ID and evidence of the source of credit she wants to withdraw
- HSBC can’t provide a timescale for the review and restrictions

Ms G referred her complaint to this service. Ms G was expecting her salary into her account at the end of the month, but it wasn’t credited by HSBC despite the employer transferring it. In early September 2024, HSBC returned Ms G’s salary to her employer. Ms G has explained that she is the main carer for her adult daughter who needs 24-hour care, and she suffers from acute mental health conditions. And not having access to any money, and her wages bouncing back, increased the mental impact leading to loss of appetite, sleep, and anxiety.

Ms G’s son was able to help her financially and she was able to open another account with an external provider to have her salary paid into and make new arrangements for regular payments to be paid out. Ms G has said that her car insurance lapsed because her direct debit failed, so she had to take out new insurance and pay £200 as a deposit for it. Ms G called HSBC about this several times and was paid £50 into her account as compensation.

Our Investigator recommended Ms G’s complaint wasn’t upheld, and HSBC didn’t need to any more than it had done. In short, their key findings were:

- HSBC isn’t obliged to explain why it reviewed the account and there isn’t a set timescale in place for it. HSBC’s review is fair, meaning transactions couldn’t occur

and it was up to Ms G to make alternative arrangements to meet her payment obligations. So HSBC isn't responsible for any funds not being available nor any impact caused

- Ms G was to be paid at the end of August 2024 and expected this to be paid into her HSBC account. HSBC didn't due to the review and because it wasn't a recognised income source following a change in employer who'd paid her once before. This is reasonable
- Ms G's salary was received by HSBC but not credited to her account, so she was told correctly she couldn't withdraw it. The salary was returned to her employer

Ms G didn't agree with what our Investigator said. She reiterated that HSBC's conflicting information caused her significant distress and inconvenience.

As there was 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'll explain why.

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 evidence to show why it reviewed and restricted Ms G's account. Having carefully considered this, I'm satisfied it acted in line with its obligations. It's understandable why Ms G would want an explanation, but HSBC is under no obligation to do so.

This brings me to the crux of Ms G's complaint. That is, HSBC unfairly withheld crediting her salary into her account despite telling her, when restricting the account, that she would be able to access her salary. So Ms G says HSBC provided conflicting information which caused her loss due to having to take out new car insurance, and distress and inconvenience which was exacerbated by her mental health conditions and being a carer for her daughter.

HSBC say that as the salary payment wasn't *established* that's why it was likely returned to the employer and not credited to the account. HSBC accepted it made an error in its communication and paid Ms G £50 compensation into her account. Ms G says the salary payment wasn't the first one in the account, but the second one from this employer.

I'd like to assure Ms G that I don't undervalue in anyway what impact this had on her, specifically her mental health, and ability to care for her daughter. And I do think HSBC made an error here given it wasn't the first time she had received a salary from this employer who should've been perceived as a well-known firm. So what this complaint really amounts to is whether HSBC has paid fair redress given the impact this had on Ms G. I'd also like to assure Ms G that I've listened to several calls, often quite lengthy, that she had with HSBC about this issue. So it's clear not having access to her salary at the end of August 2024 was causing her the impact in the way she has explained.

I note Ms G was able to mitigate this impact as her son was able to help her financially and she was able to open a new account with another provider to divert her salary there.

After considering what Ms G has said and the content of HSBC's review, I don't find awarding any compensation would be fair or appropriate. I understand Ms G would want to know the information I have weighed to reach this finding. But 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.

This means that even if I think HSBC needs to do more to put things right, I don't think in the circumstances of this complaint that it's appropriate to do so.

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 Ms G to accept or reject my decision before 16 January 2025.

Ketan Nagla

Ombudsman