

The complaint

Mr M complains that HSBC Bank Plc blocked his account for around seven months and that it has not returned the full account balance to him.

What happened

On 31 October 2023 Mr M received a payment of £9,250 into his account. The payment was from a UK company, which I'll call "C".

HSBC asked Mr M about the payment. He said it was money which he had received from a friend, whom I'll refer to as "Mr U". It was part of a currency exchange. To evidence that, Mr M produced an exchange of messages between his wife and Mr U, and a copy of his own overseas bank account showing a payment of a similar amount to a company, "L". L is controlled by Mr U.

C's bank recalled the funds which had been paid into Mr M's account. Mr M says he contacted Mr U who in turn says he contacted C, which denied having made a recall request.

Mr M referred the matter to this service.

In the meantime, HSBC continued to block Mr M's account. In May 2024 it gave Mr M notice that it was closing the account with immediate effect. It sent him a cheque for the balance on the account. HSBC had however deducted £5,601.04, which represented the sum left on the account and which was attributable to the payment of £9,250. It says it returned that sum to source.

One of our investigators considered what had happened and issued a preliminary assessment, recommending that the complaint be upheld and that HSBC return £5,601.04 to Mr M, together with interest and a further compensation payment of £300.

Mr M accepted the investigator's recommendation, but HSBC did not. It asked that an ombudsman review the case.

I did that and issued a provisional decision, in which I said:

Our rules allow me to accept evidence in confidence. Some of HSBC's evidence has not therefore been shared with Mr M, although I am satisfied that he has had a proper opportunity to put his case.

The investigator considered that Mr M had shown plausible evidence that he was entitled to the payment. I agree that there is evidence that Mr M had made a foreign currency payment to a company controlled by Mr U and that Mr U had agreed to make a matching (or near-matching payment) sterling payment to Mr M.

It remains unclear however why the payment which Mr M received was from a different company, or what, if any, [link] that company has with Mr U. I do note that Mr U appears to have access to its bank accounts. But I don't think that Mr M has shown he was entitled to

receive funds from C. It may be that Mr M is an innocent victim in this case, and if so he has my sympathy. But I am not persuaded he was entitled to the funds paid into his account – whether or not he is entitled to a payment from Mr U, as he says.

In the circumstances, I think that HSBC was justified in blocking Mr M's account. And, having considered carefully the steps it took in reviewing the account, I don't believe there were any undue delays in doing so.

As I have indicated, HSBC closed Mr M's account after he referred this complaint to us. However, this complaint concerns the account block, so I have not considered the account closure, and I make no comment on it.

HSBC accepted my provisional decision, but Mr M did not. He commented that the account from which the payment to his account had been made was closed, so HSBC's claim that it had returned money to that account could not be correct. He said he would like information about the account to which the funds were sent, so he could pursue the recipient for their return.

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.

I said in my provisional decision that I did not believe that Mr M had shown that he was entitled to receive money from C. That remains the position. Mr M's evidence shows that Mr U had agreed to send him money and that he (Mr M) had sent money to L, a company controlled by Mr U. Mr M has not, however, explained the connection between C and Mr U or why the payment was made from that company's account.

I do not believe that HSBC is under any obligation to provide Mr M with the details of where the funds were returned to. Indeed, to do so is likely to involve a breach of confidentiality. There does not however appear to be any reason why Mr M should not take this up with Mr U, if – as Mr M says – he owed the money.

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 15 January 2025.

Mike Ingram
Ombudsman