

The complaint

Mr L complains HSBC UK Bank Plc (“HSBC”) closed his Euro based currency account without notice nor explanation. Mr L adds that when he raised this with HSBC it said the closure was done in error and the account would be reinstated, but then reneged on this position. Mr L is also unhappy the funds in the account weren’t returned to him in a timely manner.

Mr L says HSBC’s actions have caused him substantive loss, distress, and inconvenience for which it should pay him appropriate compensation.

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.

This decision only deals with Mr L’s sole HSBC Euro currency account.

HSBC say it sent Mr L notice of its intention to close his account in two months’ time in October 2023. Mr L S says he never received any notification and only learnt about this decision when his account was closed.

Mr L raised this with HSBC at both telephone and branch level. Mr L says he was told both his joint account, and the Euro one, would be reinstated as they had been closed in error. Shortly after HSBC said that it had not made an error in the first place when deciding to close his account.

Unhappy, Mr L complained. HSBC upheld his complaint in part through two separate final responses. Mr L referred his complaint to this service following the first final response letter of February 2024.

In summary, the key, and pertinent points, to this decision HSBC made were:

February 2024 response

- HSBC sent Mr L a letter in October 2023 explaining it would be closing his account in January 2024 and it cannot give an explanation or further information about its decision.
- The account is now being closed and any remaining balance will be sent by cheque as Mr L didn’t respond to its October 2023 closure letter where he was asked where he wanted the funds sent.

May 2024 response

- The balance of his Euro account has now been credited to Mr L’s nominated external account. HSBC is sorry it has taken so long for it to do this.
- By way of apology, HSBC would like to offer Mr L £500 compensation and 8%

interest on his balance.

The compensation was paid by HSBC into Mr L's nominated account. One of our Investigator's looked into Mr L's complaint, and they recommended HSBC didn't need to do any more than that which it had done. In relation to Mr L's sole Euro currency account, they made the following key findings:

- The terms and conditions of the account allow HSBC to close it with two months' notice. HSBC's online records show Mr L accessed online banking (OLB) numerous times after the closure notice was uploaded onto his OLB platform in October 2023. An email was sent to Mr L's registered email to alert him of the letter. Mr L may not have accessed the closure letter on his OLB, but HSBC took appropriate steps to notify him about the account closure.
- HSBC is under no obligation to give Mr L an explanation for why it decided to close his account. Banks are entitled to keep certain information confidential from their customers, but HSBC is expected to explain to our service any reasons for its actions. HSBC has provided an explanation, and its decision hasn't resulted from misidentification or other error.
- HSBC made an error in saying the account would be re-opened when it shouldn't have been.
- It took some time for Mr L to receive the funds from his Euro account and they weren't sent to his nominated account until May 2024. Where a customer has unfairly been deprived of the use of their money, we would expect a bank to pay 8% simple interest as compensation. This is in line with what HSBC offered Mr L. The £500 compensation is somewhat more than this service would've awarded.
- HSBC's resolution is reasonable, and it doesn't need to take any additional steps.

Mr L didn't agree with what our Investigator said. To keep matters simple and pragmatic, I will summarise his key points here that had not been made previously. I'll also summarise the key points our Investigator made in response:

Mr L – further points

- Mr L is perplexed by HSBC's obstinacy in not revealing its reasons for closing the account. And as the reason wasn't because of misidentification or other error, it's vital he is informed of it. HSBC has a moral obligation to give Mr L an explanation.
- HSBC's decision is indicative of the imbalance of power that exists between both parties and its position on this complaint is disproportionate.
- HSBC hasn't acted in line with its own published values.

Investigator responses

- HSBC isn't under any obligation to provide an explanation and this service can't compel it to do so. It has provided an explanation to this service - in line with what it's required to do. HSBC doesn't have a moral obligation and has the right to keep some information confidential.

- Mr L's commercial relationship with HSBC was governed by the account's terms and conditions, which he agreed to when opening it, and relevant regulations. Nothing in these terms compels HSBC to give him an explanation for the closure.
- There's no information to show HSBC failed to treat Mr L with respect. It took the view it no longer wants to do business with him and sought to end the relationship.
- They won't be reminding HSBC of its values as there's no information to suggest it acted inappropriately.

Both HSBC and Mr L confirmed the 8% simple interest and £500 compensation payment has been made to his nominated account. As there was no agreement, this complaint has been passed to me to decide.

What I've decided – and why

I'm very aware that I've summarised the events in this complaint in far less detail than the parties and I've done so using my own words. No discourtesy is intended by me in taking this approach. Instead, I've focussed on what I think are the key issues here. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

If there's something I've not mentioned, it isn't because I've ignored it. I'm satisfied I don't need to comment on every individual argument to be able to reach what I think is the right outcome. I do stress however that I've considered everything Mr L and HSBC have said before reaching my decision.

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.

Account closure and explanation

Banks in the UK 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 is entitled to close an account just as a customer may close an account with it. But before HSBC closes an account, it must do so in a way, which complies with the terms and conditions of the account. The terms and conditions of the account, which HSBC and Mr L had to comply with, say it could close the account by giving him at least two months' notice. And in certain circumstances it can close an account immediately or with less notice.

HSBC provided Mr L with two months' notice in October 2023. I've seen a copy of this letter and note it included a reference to both Mr L's Euro account and his joint account - which has been dealt with separately at this service. HSBC has also provided me with an explanation as to why it decided to do this. Having carefully considered this, I'm satisfied that it closed the account in line with its terms and conditions.

Mr L says he never received notice of the account closure from HSBC. HSBC said it sent him a letter. I accept this can be slightly misleading given the letter was uploaded to the OLB portal. HSBC has shown me evidence and explained that a notification would appear on the header of the OLB when the letter was uploaded. HSBC has also sent me technical

evidence which I'm satisfied shows Mr L logged onto the OLB numerous times after this letter was uploaded onto the platform.

Having carefully considered this point, I'm satisfied HSBC did enough to make Mr L aware given such letters are typically sent in this way based on an indicated communication preference. Which is likely what happened here.

That brings me onto the key issue Mr L has made throughout his complaint. That is, HSBC should provide him with an explanation of why it acted in the way it did. I'd like to assure Mr L that I don't undervalue the strength of his feelings on this point. But HSBC isn't under any obligation to give him an explanation.

I would add too that our rules allow us to receive evidence in confidence. We may treat evidence from banks as confidential for a number of reasons – for example, if it contains security information, or commercially sensitive information. Some of the information HSBC has provided is information I consider should be kept confidential.

Customer service

It's not entirely clear if Mr L was told his Euro account would be reinstated, like he was on his joint one. Mr L has however alluded that he was in his complaint correspondence to HSBC. I've been sent an internal system screenshot of notes left by a customer service agent which I'm persuaded that he was. That means Mr L was likely told his Euro account would be reinstated when he says he discovered it had been closed in January 2024. And that this was an error on HSBC's part given it had acted appropriately when deciding to close the account in October 2023.

HSBC offered and paid Mr L £500 compensation and 8% simple interest for the period he was deprived of his funds. It's worth noting that had HSBC not said it had closed the account in error in the first place in January 2024, then I don't think any compensation should be paid.

If I were to weigh up the distress and inconvenience Mr L has described HSBC's customer service error in isolation caused him, its most likely I wouldn't be awarding as much as £500. So, after weighing everything up, I don't think HSBC needs to do any more than that which it has already done.

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 Mr L to accept or reject my decision before 7 February 2025.

Ketan Nagla
Ombudsman