

The complaint

Mr N complains HSBC UK Bank Plc unfairly blocked his account.

What happened

Mr N held a personal account with HSBC which was opened in May 2024. Mr N also held a separate business account with HSBC under a limited company. This complaint will solely focus on HSBC's handling of Mr N's personal account.

Mr N received transfers into his personal account from his business account. As HSBC had received an authorised push payment scam allegation in relation to his business account HSBC made the decision to block Mr N's personal account whilst it conducted a review. Mr N provided HSBC with information, and it continued to block both Mr N's personal and business account.

Mr N raised a formal complaint about HSBC's actions explaining the necessary evidence had been provided. Mr N also explained the block of his personal account wasn't necessary given the scam allegation had been in relation to his business account.

HSBC reviewed Mr N's concerns and issued a final response letter on 9 January 2025. In its response HSBC explained it had to take the scam allegation seriously and it was duty bound to block any accounts Mr N was named on to secure the remaining funds. It said the block had been applied in line with its internal procedures and the terms of the account. It confirmed the information Mr N had provided would be considered as part of its review, but that an exact timeframe for its completion couldn't be provided.

Mr N remained unhappy and referred his complaint to our service. An Investigator reviewed his concerns, and they didn't uphold Mr N's complaint. In summary they explained:

- HSBC's regulatory obligations meant it was required to review Mr N's account following the scam report and it didn't need to give Mr N notice of this review.
- The evidence provided shows it was fair for HSBC to block Mr N's personal account and it acted in line with the account terms.
- HSBC doesn't need to take any further action in relation to Mr N's complaint.
- HSBC should conduct its review in a timely manner.

Mr N remained unhappy and maintained HSBC had acted unfairly. In summary Mr N said HSBC had withheld funds which hadn't been disputed that were within his account. Mr N said he provided evidence to HSBC and the ongoing block was having a detrimental impact on him as he was unable to manage his finances.

As no agreement could be reached, the case has been referred to me – an ombudsman – for a final decision.

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.

Firstly, I am sorry to see Mr N has had cause for complaint. I'd like to reassure Mr N that I've considered the whole file and what's he's said. But I'll concentrate my comments on what I think is relevant. If I don't mention any specific point, it's not because I failed to take it on board and think about it, but because I don't think I need to comment on it to reach what I think is a fair and reasonable outcome. No discourtesy is intended by me in taking this approach.

As a UK financial business, HSBC is strictly regulated and must take certain actions in order to meet its legal and regulatory obligations. It's also required to carry out ongoing monitoring of an existing business relationship. This includes establishing the purpose and intended nature of transactions as well as the origin of funds, and there may be penalties if they don't. That sometimes means HSBC needs to restrict, or in some cases go as far as closing, customers' accounts.

In Mr N's case HSBC restricted Mr N's personal account due to an alleged scam notification it had received from the sending bank. I note Mr N's comments about the personal account not being subject to the scam claim. However, HSBC has based its decision on account activity and its internal guidance which requires it to restrict all accounts Mr N is connected to. Based on this I'm satisfied HSBC acted in line with its legal duties and account terms in restricting all of the accounts Mr N was linked to – including Mr N's personal account whilst it conducted a review.

As part of the review process HSBC carried out a proof of entitlement exercise. Mr N says he co-operated with this and provided information to HSBC about the payments into his account and the source of funds. Mr N says the provision of this information should be sufficient to remove the restrictions on his account and the lack of a chargeback claim and clear evidence of fraud supports his position further. However, the evidence from Mr N will be assessed alongside various other sources of evidence, and HSBC is obliged to carry out a thorough review, which satisfies its internal processes and risk requirements before it can remove the account restrictions.

Mr N says HSBC's decision to restrict his personal account is causing him significant distress and inconvenience. I do appreciate this matter would've caused him some difficulty, but HSBC has explained Mr N can access his salary or benefit payments by attending branch. I understand the lack of timeframe for the review has added to Mr N's frustration, but there is no set timeframe in place for reviews of this nature. The impact of an account restriction can be significant, so this service would expect HSBC to carry out the review in a timely manner. Mr N can raise a separate complaint directly with HSBC if he considers HSBC's review to take an excessive and unreasonable amount of time.

I know this will not be the outcome Mr N was hoping for, but I am satisfied HSBC acted reasonably in taking action to discharge its regulatory obligation. I know Mr N will be disappointed with the decision I've reached, but I hope it provides some clarity around why I won't be asking HSBC to take any further action or compensate Mr N.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N to accept or reject my decision before 27 March 2025.

Chandni Green

Ombudsman