

## **The complaint**

Mr C complains HSBC UK Bank Plc unfairly blocked his account and withheld an incoming payment.

## **What happened**

Mr C held a savings account with HSBC and in early September 2024 he received a large incoming payment. This payment was flagged by HSBC, and it blocked Mr C's account to conduct a review.

As part of its review HSBC asked Mr C about the incoming payment. Mr C explained the payment was from his father for university expenses. HSBC continued to block the account and Mr C raised a formal complaint about HSBC's actions, explaining the necessary evidence had been provided. Mr C said HSBC failed to provide clear updates and information about the action it had taken.

HSBC issued a final response letter on 15 October 2024 explaining that it retains the right to review all accounts at any time without prior notice. It also explained that there are no set timescales in place for reviews of this nature. On 30 October 2024, following its review HSBC it issued a notice to close letter to Mr C, explaining his account would close with immediate effect.

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

- HSBC's regulatory obligations meant it was required to review Mr C's account.
- The evidence provided shows it was fair for HSBC to block Mr C's account and it acted in line with the account terms.
- HSBC was required to ensure Mr C was entitled to the funds that had entered the account.
- Mr C will need to provide clear evidence to HSBC regarding his entitlement to funds.
- HSBC doesn't need to take any further action in relation to Mr C's complaint.

Mr C remained unhappy and maintained HSBC had acted unfairly as he had provided evidence to show he is entitled to the incoming funds. Mr C said the account block and lack of access to these funds was having a detrimental impact on him.

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 C has had cause for complaint. I'd like to reassure Mr C 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 C's case HSBC restricted Mr C's account due to an incoming payment. Upon restriction HSBC carried out a proof of entitlement exercise. Mr C says he co-operated with this and provided information to HSBC about the payment into his account and the source of funds. Mr C says the provision of this information should've been sufficient to remove the restrictions on his account.

I've considered HSBC's review of the evidence provided by Mr C. Although Mr C says he provided detailed information HSBC ultimately decided it wasn't sufficient to allay its concerns. Having reviewed the evidence Mr C provided – including his comments about the source of funds and account details, I think HSBC's approach here is reasonable. I say this because Mr C's comments haven't been consistent, and although he has provided information regarding his studies, the evidence provided regarding the source of funds hasn't been clear. It is not the role of this service to ascertain what evidence and information would meet HSBC's requirements. Instead, I must decide whether HSBC acted fairly based on the evidence it had available. Given the gaps in the information provided, I'm satisfied HSBC has acted appropriately in withholding the funds.

I must also highlight the evidence from Mr C 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 and release funds. Mr C would need to provide further persuasive evidence to HSBC in order for the funds to be released.

Mr C says HSBC's decision to restrict his account is causing him significant distress and inconvenience. I do appreciate this matter would've caused him some difficulty, but Mr C confirmed to HSBC that this wasn't his main account for daily expenses. Mr C had a separate account with another provider for this, so I think this would've limited the impact the block had on Mr C. I understand the lack of timeframe for the review has added to Mr C's frustration, but generally there is no set timeframe in place for reviews of this nature.

However, I accept the impact of an account restriction can be significant, so this service would expect HSBC to carry out the review in a timely manner. Looking at the timeline of events I can see the review was concluded by 30 October 2024. This meant Mr C was without access for around six weeks. I've considered HSBC's review and the timeline of events, and I'm satisfied it acted promptly and I can't see any instances of avoidable delays.

HSBC's review led to its decision to close Mr C's account. Mr C hasn't specifically raised concerns about this particular issue. Mr C will need to raise this separately with HSBC as a complaint if he wishes to have it considered.

I know this will not be the outcome Mr C was hoping for, but I am satisfied HSBC acted reasonably in taking action to discharge its regulatory obligation. I know Mr C 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 C.

**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 C to accept or reject my decision before 8 April 2025.

Chandni Green  
**Ombudsman**