

The complaint

X complains that HSBC UK Bank Plc closed his accounts without providing a proper explanation. And took too long to release his closing balance.

X is also unhappy with the service he received from HSBC. He says this caused him unnecessary stress and worry.

What happened

X had accounts with HSBC.

In June 2024, HSBC decided to review X's accounts to comply with its legal and regulatory obligations.

On 21 June 2024, HSBC wrote to X to let him know that following its review it had decided to close all his accounts. And gave him 60 days' notice to make alternative banking arrangements. HSBC sent the letter to X's address and uploaded a copy of it in X's online banking app. During the notice period X had full access to his account and online banking.

X says he never received the letter from HSBC so he was unaware his account had been closed. X says he discovered there was a problem with his account on 29 August 2024, when he tried to buy some currency for a trip he'd planned with his family, and he couldn't access his account. X says he had to borrow money to fund his trip which was embarrassing and stressful. He said not being able to access his funds meant he had to return early from his trip and made his existing health condition worse.

HSBC issued a cheque to X for his closing balance on 16 September 2024, which X deposited into another account on 24 September 2024.

X complained to HSBC. He said he had been a loyal customer of the bank for many years and wanted to know why HSBC no longer wanted him as a customer. HSBC didn't give him much information and told X that he could access his funds by visiting a branch with identification. However, when X visited a branch staff were unable to give him any of his funds.

In response, HSBC said that it had reviewed and closed X's accounts to comply with its legal and regulatory obligations. And wasn't willing to provide a further explanation. However, it accepted it had made a mistake when closing X's accounts which had led to him being deprived of his funds for longer than necessary. HSBC said it should have issued a cheque to X on 27 August 2024, when it closed his accounts. To put things right HSBC offered X £150 compensation and 8% interest on the funds for the delay in returning his funds.

HSBC also said it should have provided X with better service and shouldn't have told X to attend a branch to access his closing balance. HSBC also said it had incorrectly told X it was still looking into his complaint when it had already issued its final response letter. HSBC offered X £250 compensation for the trouble and upset this had caused him.

X remained unhappy and asked us to investigate his complaint. He wants HSBC to provide a proper explanation about why it closed his accounts. X said HSBC's actions made him feel stressed and anxious. He said it's not right that the bank can treat a long-standing customer such as him so unfairly. X also wants more compensation. He has explained that he had to borrow money from relatives and friends. And use credit cards to get by – all of which cost him a higher interest rate. X says he had to cut his holiday short and take time off work to sort things out with the bank.

After looking at all the information the investigator said that HSBC hadn't treated X unfairly when it had closed his accounts. They were satisfied that HSBC had sent X a closure notice. The investigator also said that HSBC's offer of compensation (a total of £400) along with 8% interest was fair. So they said HSBC didn't have to do anything more to resolve X's complaint.

X disagreed. He wants to know why HSBC closed his accounts and feels very let down that the bank haven't explained why it no longer wants him as a customer after so many years. He also wants more compensation.

X asked for an ombudsman to review things. So the matter has come 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.

I would add too that our rules allow us to receive evidence in confidence. We may treat evidence from financial businesses as confidential for a number of reasons – for example, if it contains information about other customers, security information or commercially sensitive information. It's then for me to decide whether it's fair to rely on evidence that only one party has seen. It's not a one-sided rule; either party to a complaint can submit evidence in confidence if they wish to, and we'll then decide if it's fair to rely on it. Here, the information is sensitive and on balance I don't believe it should be disclosed. But it's also clearly material to the issue of whether HSBC has treated X fairly. So, I'm persuaded I should take it into account when deciding the outcome of the complaint.

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 courtesy is intended by me in taking this approach. Instead, I've focused 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. But I have read all X's submissions.

I want to make it clear that I understand why what happened concerned X. I've no doubt it would've come as quite a shock to him, and he would've been very worried to find out that his accounts had been closed. But as the investigator has already explained, HSBC has extensive legal and regulatory responsibilities they must meet when providing account services to customers. They can broadly be summarised as a responsibility to protect persons from financial harm, and to prevent and detect financial crime. To comply with these responsibilities HSBC will sometimes review accounts and go so far as closing them.

I've considered the basis for HSBC's review and having done so I find this was legitimate and in line with its legal and regulatory obligations. So, I'm satisfied HSBC acted fairly by reviewing X's accounts. I appreciate that X wants to know more about why HSBC did what it

did. But HSBC isn't obliged to tell X why it reviewed his accounts, and I don't believe it would be appropriate for me to require it to do so as much as he'd like to know.

I agree that the timing of HSBC's review and decision to close X's accounts was unfortunate. X was just about to start his holiday. But whilst I have sympathy for X it's not in my remit to tell HSBC what type of account review they should be conducting or when they should conduct account reviews. I can however, while considering the circumstances of individual complaints, decide whether I think customers have been treated fairly.

It's generally for banks and financial businesses to decide whether or not they want to provide, or to continue to provide, account facilities to any particular customer. Unless there's a very good reason to do so, this service won't usually say that a bank or financial business must keep customer or require it to compensate a customer who has had their account closed.

As long as banks and financial businesses reach their decisions fairly, it doesn't breach law or regulations and is in keeping with the terms and conditions of the account, then this service won't usually intervene. They shouldn't decline to continue to provide account services without proper reason, for instance of unfair bias or unlawful discrimination. And they must treat new and existing customers fairly.

HSBC have relied on the terms and conditions when closing X's accounts. I've reviewed the terms, and they explain that HSBC can close an account for any reason by giving 60 days' notice. I've seen the letter HSBC sent to X giving him two months' notice, so I'm satisfied HSBC has complied with this part.

X has said that he never received the letter HSBC sent to him about his accounts closing and he only found out by accident when he tried to access his account to buy some currency for his holiday. But HSBC have provided evidence to show it sent X to the address held on its files. I've also seen HSBC contact notes which shows the notice the letter was dispatched – again to X's home address. X hasn't made us aware of any postal issues he was experiencing at the time. So, I'm satisfied that HSBC sent the letter to X. I can't say HSBC are to blame if X didn't receive the letter once it was dispatched through the postal system. I note too that HSBC made the letter available to X in his online banking app.

I've next gone on to consider whether HSBC's reason for closing the accounts was fair. In doing so, I appreciate that HSBC are entitled to set their own policies and part of that will form their risk criteria. It is not in my remit to say what policies or risk appetite HSBC should have in place. I can however, while considering the circumstances of individual complaints, decide whether I think customers have been treated fairly.

HSBC has provided some further details of its decision-making process, which led to the closure of X's accounts. I'm sorry but I can't share this information with X due to its commercial sensitivity. But I've seen nothing to suggest HSBC's decision around closing X's accounts was unfair. On balance when considering HSBC's wider regulatory responsibilities and all the information available to me, I find HSBC had a legitimate basis for closing X's accounts. So, I can't conclude HSBC treated X unfairly when it closed his accounts.

I understand of course why X wants to know the exact reasons behind HSBC's decision to close his accounts. It can't be pleasant being told you are no longer wanted as a customer – especially after being a customer for such a long time. But HSBC doesn't disclose to its customers what triggers a review of their accounts. And it's under no obligation to tell X the reasons behind the account closure, as much as he'd like to know. So, I can't say it's done

anything wrong by not giving X this information. And it wouldn't be appropriate for me to require it to do so now.

HSBC have acknowledged it made mistakes during its review and that is should have provided X with better service. HSBC has accepted that its actions caused X trouble and upset. It has offered X a total of £400 compensation along with 8% simple interest on his account balances to put this right. X says this isn't enough.

The Investigator said HSBC's offer to recognise the inconvenience and upset caused was fair. So, I've considered if HSBC needs to do more to resolve X's complaint.

Reaching an award for distress and inconvenience is seldom straightforward. It should be borne in mind that this service's aim is to ensure businesses compensate consumers where things have gone wrong. This can involve consideration of a business' policies and procedures. But we're not the industry regulator – that's the FCA – and so it's not for us to punish or fine a business or require a business to change how it operates going forward.

It's clear that X is unhappy with the overall level of service he has been provided with by HSBC. And with justification, in my view. Having looked at all the evidence I'm satisfied that:

- X was misadvised that he'd be able to access his balance by visiting a branch with identification. This was an error by the advisor, as staff at the branch weren't able to arrange the release of the funds as HSBC issue cheques when it closes an account. This meant X wasted time travelling to a branch.
- HSBC made mistakes during its closure process which meant a cheque for X's closing account balance wasn't issued until 16 September 2024 instead of being issued on 27 August 2024. This meant X was deprived of his funds for longer than necessary. And had to borrow money.
- HSBC wrongly told X that it was still looking into things when it had finished its complaint investigation.
- HSBC should show reasonable care and flexibility where a customer's situation merits it does more in these circumstances. I can see that X repeatedly told HSBC that its actions were causing significant distress, upset and inconvenience to him and that not having access to the funds in his account was impacting his health. With this in mind I think it would have been reasonable for HSBC to have made X's funds available to him sooner than it did.

I understand that these issues have proved frustrating, upsetting and disappointing for X to have encountered. I'm pleased to see that HSBC eventually recognised the impact of this on him, it apologised and offered to pay X a total of £400 by way of compensation and interest on his closing balances.

I recognise that HSBC should have done better in the first place. But, the fact is, things went wrong, and that impacted on X through no fault of his own. This is not the level of service X would reasonably have expected to receive.

It's rarely straightforward to decide what represents an appropriate level of compensation for non-financial loss given its inherently subjective nature. X, and no-one else, experienced these problems. I assure him I'm mindful of that.

This said, I've taken account of this service's general approach to compensation for distress and inconvenience as set out on our website. I've thought about this approach in light of the

errors HSBC made and the impact on X.

X says he should be compensated for the time he spent away from work trying to sort things out with HSBC at the branch, on the phone and via email. But I should explain that we don't usually award compensation on the basis of a complainant's usual business or professional hourly rate. That's not because we think a complainant's time has no value. But basing compensation on a person's business or professional hourly rate could suggest one-person free time is worth more than another person's free time. And it might not reflect the true impact of the error on the complainant. X can charge his clients for his professional or business expertise at an hourly rate. But X wasn't providing a business or professional service to HSBC. And he hasn't provided any evidence that contacting HSBC meant he was unable to carry out his usual work. So, it wouldn't be fair of me to ask HSBC to compensate X for something there's no evidence of.

As I've said and explained above, I don't think HSBC has done anything wrong in closing X's accounts in the way it has. I note X says these actions caused him financial loss, distress, and inconvenience. But as I don't think HSBC did anything wrong here, I won't be asking it to compensate X for this.

However, I do think HSBC communicated poorly, and caused delays in returning his account balance to reduce the distress and inconvenience X was caused, and which could have been avoided.

Whilst I have sympathy with X regarding his health condition, and I can understand why his holiday was so important to him, I'm satisfied that HSBC took his personal circumstances into account when deciding what it was willing to offer to put things right, and I consider its most recent offer in this case to be fair. So, I don't consider that it would be fair or reasonable of me to require HSBC to do more.

In reaching this conclusion I should explain that our awards are designed to reflect the actual loss, trouble, and upset caused to the consumer by something a financial business did wrong. We are not here to punish financial businesses. Nor can we award compensation as a means of punishing a business for a consumer bringing their complaint to this service.

My final decision

My final decision is that I partly uphold X's complaint. To put things right HSBC UK Bank Plc should:

- If it hasn't already done so Pay X a total of £400 for the trouble and upset this matter has caused him.
- Pay X simple interest at the rate of 8% simple per annum on his account balances from 27 August 2024 until 16 September 2024*

*If HSBC UK Bank Plc considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell X how much it's taken off. It should also give X a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask X to accept or reject my decision before 18 December 2025.

Sharon Kerrison
Ombudsman