

The complaint

Mr C complains that HSBC UK Bank Plc trading as First Direct (First Direct) closed his accounts, without providing a proper explanation.

What happened

Mr C had a current account and savings accounts with First Direct.

In October 2024, First Direct decided to review Mr C's accounts. Following this on 11 October 2024, First Direct decided to close Mr C's accounts and wrote to him to let him know he had two months to make alternative banking arrangements.

Mr C complained to First Direct and asked the bank to provide an explanation why it no longer wanted him as a customer. He said the closure of his accounts was cold, upsetting and unfair.

In response, First Direct said it hadn't done anything wrong and had closed the accounts in line with the account terms and conditions. And didn't have to provide Mr C with an explanation why it no longer wanted him as a customer.

Mr C remained unhappy and brought his complaint to our service where one of our investigator's looked into what had happened. The investigator said based on the information First Direct had provided he was satisfied the bank had treated Mr C fairly when it had closed his accounts.

Mr C didn't accept the investigator's view. He said he wants to know why First Direct closed his accounts. And that the closure caused him a lot of problems. Mr C said because First Direct didn't tell him why it closed his accounts he hasn't been given an opportunity to address any concerns First Direct might have had about how he was using his accounts, which isn't fair.

As no agreement could be reached 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.

The summary of events above is brief, and in far less detail than both parties have given. I don't intend any discourtesy in taking this approach. Instead, I've focused on what I consider to be the key issues involved here. The rules of our service – The Dispute Resolution (DISP) rules in the Financial Conduct Authority's handbook – provide me the discretion to do this. This is to reflect the informal nature of our service, as an alternative to the courts. If I haven't mentioned something in particular either party has submitted, this isn't because I've not

considered it or taken it on board. I do not feel I need to comment on it to reach a fair and reasonable outcome.

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 will then decide if it's fair to rely on it

DISP 3.5.9R states:

"The ombudsman may:

(1) exclude evidence that would otherwise be admissible in a court or include evidence that would not be admissible in a court;

(2) accept information in confidence (so that only an edited version, summary or description is disclosed to the other party) where he considers it appropriate;

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 First Direct has treated Mr C fairly. So, I'm persuaded I should take it into account when deciding the outcome of the complaint. I'm sorry to Mr C that I won't be able to share a significant amount of detail. But I would assure him that I've considered everything carefully.

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 a 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. But 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.

First Direct have relied on the terms and conditions when closing Mr C's accounts. I've reviewed these and they explain that First Direct can close an account for any reason by giving two months' notice. I can see that First Direct provided Mr C with the full notice period. So, I'm satisfied that it has complied with this part.

I've then gone on to consider whether First Direct's reasons for closing the accounts was fair. In doing so, I appreciate that First Direct is 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 First Direct should have in place. I can however, while considering the circumstances of individual complaints, decide whether I think customers have been treated fairly.

After considering all the available evidence and circumstances, including the evidence that First Direct has shared with our service in confidence, I haven't seen any evidence that would lead me to conclude First Direct closed Mr C's accounts for an improper reason. There's nothing that I've seen, that suggests it amounted to anything other than a legitimate exercise of its commercial discretion. That in turn means it can choose who it has a

customer relationship with. This is a decision that I can't interfere with as it is a commercial business decision. So, it was entitled to close the accounts as it's already done. And I won't be directing First Direct to reopen Mr C's accounts.

I understand of course why Mr C wants to know the exact reasons behind First Direct's decision to close his accounts. It can't be pleasant being told you are no longer wanted as a customer. But First Direct doesn't disclose to its customers what triggers a review of their accounts. And it's under no obligation to tell Mr C 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 Mr C this information. And it wouldn't be appropriate for me to require it to do so now.

I've taken on board Mr C's comments and the impact he says First Direct's lack of detail in its communication had on him. And I understand Mr C would naturally want to know the information I have weighted in order to reach this finding. But as I've set out already, I am treating this information in confidence, which is a power afforded to me under the Dispute Resolution Rules (DISP), which form part of the Financial Conduct Authority's regulatory handbook.

Furthermore, banks and financial business may have information which is confidential for a number of reasons. First Direct said that it wasn't able to share any information which related to its investigation and the account closure due to it being sensitive. I think this is fair and reasonable in the circumstances. As our investigator said this information will have been shared with us and though I appreciate Mr C may find this frustrating, I hope it gives him some reassurance that someone independent has also considered it.

In summary, I recognise how strongly Mr C feels about what's happened. I don't doubt it has been a frustrating and worrying time. So, I realise Mr C will be disappointed by my decision. But overall, based on the evidence I've seen, I can't say First Direct have acted unreasonably and treated Mr C unfairly when it closed his accounts. So, I won't be asking them to do anything more to resolve Mr C's complaint.

My final decision

For the reasons I've explained, my final decision is that I do not 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 20 October 2025.

Sharon Kerrison
Ombudsman