

## **The complaint**

Mr D complains HSBC UK Bank Plc unfairly closed his account and wrongfully retained funds.

## **What happened**

The facts of the complaint are well known to both parties, so I will only provide a summary of the key points.

On 27 June 2024 Mr D received a payment in of £18,874 from a business I will refer to as O. The incoming payment prompted a review by HSBC, and the account was suspended.

On 17 July 2024 Mr D spoke to HSBC and agreed to provide information regarding the incoming payment and his entitlement to it. This information was reviewed by HSBC and this review led to its decision to close the account with immediate effect. On 14 August 2024 Mr D was sent a letter confirming the account would close with immediate effect and a cheque for £604.89 was issued to Mr D. The incoming credit of £18,874 was retained by HSBC.

Mr D raised a formal complaint about the handling of his account and incoming payment. HSBC reviewed these concerns and, in its letter, dated 25 October 2024 it explained the decision to close the account was taken in line with the account terms and its statutory duties. It said the information provided by Mr D wasn't sufficient to meet its checks and the funds would need to be kept in accordance with its legal obligations. It explained that if Mr D was able to provide further evidence to clarify the source of funds and purpose of the transaction it would review its position.

Mr D provided further evidence, and this was again reviewed by HSBC's team. This included an invoice from O. In November 2024 HSBC explained the evidence failed to meet its requirements and in January 2025 it reiterated its position regarding the closure of the account.

Mr D remained unhappy with HSBC's response and referred the complaint to our service. An Investigator reviewed their concerns and in summary, made the following findings:

- HSBC has numerous legal and regulatory obligations – the review of the incoming payment and account closure was carried out to ensure HSBC met these obligations.
- The evidence Mr D provided to HSBC and this service doesn't adequately demonstrate his entitlement to the incoming payment.
- HSBC's concerns over the incoming payment are legitimate and it has shared information with this service in confidence regarding its review.
- HSBC acted fairly in retaining the funds and closing Mr D's account.

Mr D disagreed with the Investigator's findings, explaining he had provided all the necessary evidence, and the funds ought to be released. 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 D has had cause for complaint – I can understand his frustration with the situation, especially given his recent comments around his loan and the impact the lack of access to the incoming payment is having on him. However, having looked at the complaint fully, my review of the evidence has led me to the same overall conclusions as the Investigator previously set out and for much the same reasons. I will explain why.

I'll start by setting out some context for the review of Mr D's account. UK legislation places extensive obligations on regulated financial businesses. Financial institutions must establish the purpose and intended nature of transactions as well as the origin of funds, and there may be penalties if they don't. This applies to both new and existing relationships. These obligations override all other obligations and aim to detect financial crime and fraud and protect customer interests. In Mr D's case I'm satisfied HSBC was complying with these obligations when they reviewed the payment into Mr D's account.

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 that we considered should be kept confidential. This means I haven't been able to share a lot of detail with Mr D, but I'd like to reassure them that I have considered everything he and HSBC have said before reaching my decision.

Based on the information disclosed by HSBC I'm satisfied it acted fairly by blocking Mr D's account and had no obligation to tell Mr D the basis of its concern or forewarn him of its intention to carry out such a review. I must also highlight the terms of Mr D's account – which he agreed to when the account was opened, allow HSBC to review certain transactions and block the account whilst it conducts reviews.

Whilst the account was blocked HSBC asked Mr D for details of the incoming payment from O. I've looked at what Mr D told HSBC – as well as the information he has provided to this service to decide whether there is sufficient evidence to support his assertion that the funds are legitimately his. Mr D says he sold graphic cards to O – and Mr D had sourced the graphics card from a friend. Mr D says he sold 18 graphics cards in total. Mr D has been asked for evidence relating to his purchase of the cards, and the sale. Mr D says he isn't able to provide details of communications between him and O – or details of how he purchased the graphics cards. Given the value of the incoming payment, I find it difficult to see how Mr D isn't able to provide any written communications to corroborate his version of events.

Mr D provided HSBC with an invoice from O – this invoice is essentially a single line and lacks the detail I would expect to see on a professional invoice of this value. The Investigator highlighted to Mr D the details we would reasonably expect to see in an invoice – such as delivery details, or VAT details. However, this invoice lacks any meaningful details – and I'm not persuaded that Mr D would only have received a single invoice, without any correspondence leading up to the sale, or following the transfer to confirm receipt of goods. I can also see the value of the goods appears to be significantly lower than market value. Mr D hasn't been able to provide a persuasive explanation regarding the value of the cards. Mr D has provided the identification of the company director for O – but this fails to address the key issue here, which is whether this is a legitimate incoming payment, and Mr D is entitled to the funds. As such, I don't consider it to be fair or reasonable to direct HSBC to release the funds to Mr D.

The evidence provided to HSBC and the due diligence checks it conducted led to its ultimate decision to close the account. HSBC 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 HSBC should have in place. I can however, while considering the circumstances of individual complaints, decide whether I think customers have been treated fairly. As long as they 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 banking services without proper reason, for instance of unfair bias or unlawful discrimination. And they must treat new and existing customers fairly. Given its regulatory and legal obligations, I'm satisfied HSBC's decision was made fairly.

The terms and conditions of Mr D's account set out that the bank can close the account by providing 60 days' notice. In certain circumstances, it can also close the account immediately. In this case HSBC blocked the account, and then closed it, so I consider this to be akin to an immediate closure. For HSBC to act fairly here they needed to meet the criteria to apply their terms for immediate closure – and having looked at these terms and all the evidence that the bank has provided, I'm satisfied that HSBC did.

I've thought carefully about Mr D's comments about the impact of HSBC's review on him. Given the severity and impact an account block can have, there is an expectation that any review should be carried out in a timely manner. I can see Mr D's account was blocked for several weeks and the payment is still retained by HSBC. Based on the timeline of events during the review I can't see that there has been any undue delay by HSBC.

Mr D says he has a loan with HSBC and payments have been missed as a result of the issue with the incoming payment. Mr D asked for the funds to be used to settle the loan, and the remaining amount to be returned to him. Although I sympathise with Mr D's situation, I won't be directing HSBC to take such action. Until Mr D is able to demonstrate his legitimate entitlement to the funds, he will be unable to utilise them for his benefit.

I'm sorry this isn't the outcome Mr D hoped for, and I know he 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 D.

### **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 D to accept or reject my decision before 5 June 2025.

Chandni Green  
**Ombudsman**