

The complaint

A charity, which I will refer to as S, complains that HSBC UK Bank Plc unfairly closed its account.

Mr S, one of S's trustees, represents the charity in this complaint.

What happened

I understand there is no dispute about what happened here; the dispute is about whether HSBC acted reasonably. Both parties agree:

- On 14 July 2023, HSBC wrote to S to say that it had decided to carry out a Safeguard review of S's account. (Reviews of this kind are also known as Know Your Customer, or KYC, reviews.)
- HSBC sent a reminder letter on 21 July 2023.
- Following HSBC's reminder, Mr S attempted to complete the Safeguard review online. But he had difficulty logging in, and visited HSBC branches several times in an attempt to resolve the issue.
- HSBC still hadn't received the information it had requested, so it sent a further reminder on 8 September 2023.
- On 13 October 2023 HSBC sent S a Notice to Close (NTC), explaining that the bank had decided to close S's account on 21 December 2023. The bank said that if S's trustees wanted to keep S's account open, they would need to complete the online Safeguard review.
- Mr S visited an HSBC branch on 24 October 2024 to try to complete the Safeguard review. He provided some of the information HSBC wanted, but he did not provide information about the other trustees. HSBC promised to send him an email within ten minutes of the call confirming exactly what further information was required, and Mr S said he would reply to bank's email by 2 November 2023. However, HSBC then failed to send that email.
- HSBC contacted Mr S on 2 November 2023 to chase a response, but at that point he indicated that he would prefer to close S's account rather than proceed with the Safeguard review.
- On 6 November 2023 HSBC sent the email that it should have sent on 24 October 2023, requesting information about S's other trustees.
- Mr S responded to HSBC's 6 November 2023 email to request more time. HSBC refused, and Mr S complained about that refusal on 13 November 2023.

- HSBC responded to Mr S's complaint on 24 November 2023. It said it wasn't prepared to give Mr S an extension, and that it would close S's account on 21 December 2023 if he hadn't provided the information it had requested by that date. However, it also said that it had identified some customer service failings, and so it offered to pay S £75 to apologise.
- HSBC eventually closed S's account on 24 January 2024.

Mr S then referred S's complaint to the Financial Ombudsman Service. One of our investigators looked at the complaint, but did not uphold it. She thought HSBC had acted fairly, and she didn't recommend that it pay more than the £75 it had offered.

My provisional decision

I issued a provisional decision on this complaint, and said:

"I know that Mr S would like me to take into account all of the telephone conversations he had with the bank about this issue. But I don't think it's necessary for me to do that in order to reach a fair outcome. Based on the information I've seen so far, I'm provisionally satisfied that:

- HSBC was entitled to request information about all of S's trustees, and it was entitled to close S's account if it did not receive the information it had requested within a reasonable period.
- HSBC did give S a reasonable period to provide information about its trustees, but S did not do so.
- In the circumstances, HSBC acted fairly when it closed S's account.
- HSBC's customer service was poor, but the £75 that the bank has already offered represents fair compensation.

I give more details of my findings below.

Banks in the UK are strictly regulated, and must take certain actions in order to meet their legal and regulatory obligations. That sometimes means, as in this case, that a bank will carry out a Safeguard review.

In principle, I have no concerns about HSBC's decision to carry out a Safeguard review. But I have looked at the way HSBC carried out that review in order to decide whether HSBC acted fairly.

HSBC wanted Mr S to provide it with information about S's other trustees. I can understand why Mr S thought the bank was being overzealous, given that this complaint involves relatively small amounts of money. S's income in the year up to 31 March 2024 was less than £200, and the closing balance of the account in January 2024 was less than £100. But the bank still has regulatory obligations in respect of customers with relatively low assets. I don't think HSBC did anything wrong in asking Mr S for information about all of the trustees – and in principle, I don't think it was wrong for HSBC to close S's account if that information was not provided.

During one of Mr S's October 2023 conversations with the bank, he suggested that

he would have some difficulty in obtaining the information the bank wanted about the other trustees (at least one of whom lived outside the UK). But the bank was nevertheless entitled to require that information. Again, the bank's regulatory obligations cover all of its customers, including those whose trustees live abroad.

At one stage Mr S suggested that he didn't want to provide the bank with information about S's other trustees. He was entitled to take that position. But HSBC was also entitled to decide that it didn't want to provide services to S as a result.

Mr S later agreed to provide HSBC with the information it wanted and asked for an extension to do so. He explained that he suffers from poor health and follows medical advice to spend winters outside the UK. Mr S has since given further details of his health to the Financial Ombudsman Service, and I thank him for his openness with us. However, HSBC was not prepared to agree an extension. I am sorry to further disappoint Mr S, but I consider that was a commercial decision that HSBC was entitled to make.

In any event, in the particular circumstances of this case it is not clear to me that more time would have made any difference. At least one of the other trustees would always have been in a different country to Mr S, and so he would have needed to liaise internationally regardless of whether he himself was in the UK or abroad.

I acknowledge that Mr S was unwell, and that HSBC knew from 24 October 2023 (if not earlier) that he was vulnerable. But Mr S was not S's only trustee. I understand he was the founder, and it's possible he may have done more work for S than the other trustees. But the other trustees nevertheless had responsibilities towards S, and I see no reason why the other trustees could not have collated the information HSBC had requested. By the time the account was closed HSBC had given S six months to provide information, and taking S's circumstances into account I think that was fair.

I know that Mr S does not want me to issue a final decision until he has had the opportunity to review recordings of the conversations he had with HSBC's staff before October 2023. But he hasn't explained why he thinks those recordings contain material evidence likely to change my view of this complaint.

As an ombudsman, my role is to obtain the evidence that I need to fairly resolve the complaints that have been referred to me. But I am not required to examine the whole of a complainant's relationship with the firm they complain about. Here, regardless of what HSBC's staff said to Mr S before October 2023, I am satisfied that by 24 October 2023 he knew that HSBC intended to close S's account on 21 December 2023 if it did not receive information about S's other trustees. HSBC reiterated its position in its final response of 24 November 2023.

I acknowledge that HSBC did not close S's account on 21 December 2023; it actually closed the account slightly later, on 24 January 2024. But I don't think that S was disadvantaged by the slight delay.

Whilst I don't think HSBC made a mistake when it closed S's account, I do think that HSBC's customer service could have been better here. In particular, HSBC should have sent Mr S an email on 24 October 2023 (as it promised to do) rather than on 2 November 2023. But I consider that impact of HSBC's poor customer service on the charity S was relatively minor. Overall, I consider that HSBC's offer to pay £75 is fair and reasonable in the circumstances."

Mr S said that he didn't think it was fair for me to make a decision without listening to all of his telephone conversations with the bank. He said that he initially visited one of HSBC's branches, which was difficult for him given his poor health. At the time he believed he had provided everything the bank needed, and he cannot recall the bank mentioning needing information about the other trustees.

Mr S also told us that he attempted to visit the same bank branch after receiving a reminder from the Safeguarding Team, only to find that branch was closed for repairs. He travelled to an alternative branch – again, with considerable difficulty given his health – where he met two members of HSBC's staff who both thought that the bank had treated him very badly and should pay him compensation.

Finally, Mr S said that one of S's trustees regularly travels overseas for work purposes. Mr S himself spends large parts of the year overseas for medical reasons. If HSBC had asked for all of the information it needed at the outset, Mr S says he would have been able to obtain all the necessary information before he left the UK.

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.

Having done so, whilst I am sorry to further disappoint Mr S I have reached the same conclusions as I did in my provisional decision, for the same reasons. I therefore confirm those provisional conclusions as final. But I will make some further comments below.

I acknowledge that at the beginning of its Safeguard review, HSBC did not tell Mr S exactly what information it needed. HSBC began by simply saying that it needed "to confirm some of your organisation details", without specifying exactly which details it needed to confirm. I don't think it is necessary for me to obtain recordings of all of Mr S's conversations with the bank, because I accept that he didn't know the full details of exactly what the bank needed until 24 October 2024.

It's clear that Mr S would have preferred HSBC to have begun its Safeguard review by providing him with a complete list of all the information it needed. But that is not how HSBC carries out these reviews, in part because the bank's conversations with customers will sometimes lead the bank to ask additional questions. In my view that is reasonable.

Clearly it was possible for HSBC to have given S more time if it had wanted to do so, but in the overall circumstances here I don't think it would be fair for me to criticise the bank for holding S to the deadline it had given. I acknowledge that Mr S's health was poor, but as I've said the other trustees also had responsibilities towards S, and I see no reason why the other trustees could not have collated the information the bank had requested.

I remain satisfied that HSBC's customer service could and should have been better. As I said in my provisional decision, I think it should have sent Mr S an email on 24 October 2023 (as it promised to do) rather than on 2 November 2023. However, I think the impact of that error was relatively minor, and that HSBC's offer to pay £75 is therefore fair.

My final decision

My final decision is that I order HSBC Bank UK Plc to pay S £75.

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

Laura Colman
Ombudsman