

The complaint

Miss S complains HSBC Bank UK Plc unfairly closed her accounts without notice or explanation.

Miss S is represented on this complaint by her mother – Mrs F.

What happened

Miss S held a HSBC Premier account and a HSBC Premier Savings account. On 10 July 2024 HSBC conducted a review of the accounts. On 16 July 2024 HSBC issued a notice to close letter, advising the accounts would close on 18 September 2024. The accounts were blocked and HSBC explained it would need to speak to Miss S and Mrs F before the funds could be released.

Miss S and Mrs F attended branch on 15 July 2024 to request a transfer, and this was not actioned in branch. Mrs F raised concerns about this and the closure decision – explaining Miss S was a minor and used the accounts for school and day to day expenses.

In its final response letter dated 29 July 2024 HSBC explained that it had closed the account in line with the account terms and that the account would remain blocked. It acknowledged that when Miss S and Mrs F attended branch the request to pay the funds away wasn't actioned. As a result, it offered to pay 8% interest on the account balance for the 15 days Miss S didn't have access to funds in the account. This totalled £47.57 after the necessary tax was deducted. HSBC also offered an additional £200 for the inconvenience caused.

Miss S remained unhappy, and Mrs F referred a complaint to this service. Within the complaint Mrs F highlighted her concerns with how the closure was conducted as the notice to close letter wasn't received. Mrs F also explained her concern that the closure decision was due to Miss S's family links, and this is unfair for Miss S who is not connected to the issues HSBC has outlined.

An Investigator gathered the relevant information and in summary, made the following findings:

- The account was blocked and reviewed in line with the account terms and conditions.
- HSBC isn't under a duty to provide Miss S with specific reasons for its decision.
- HSBC issued the closure notice correctly and to the address it held for Miss S.
- HSBC's offer for failing to action Miss S' request when she attended branch is fair.

Mrs F disagreed with the review, explaining she had been a loyal customer of HSBC for 20 years and Miss S had an account with HSBC since she was born. Mrs F says the closures violates the principles of fairness and transparency and has caused significant distress and inconvenience. Mrs F also explained HSBC's actions were discriminatory and taken because of Miss S' Iranian heritage and the fact Mrs F, her mother, works for an Iranian institution. To put things right Mrs F asks HSBC to reinstate her accounts and ensure Miss S's credit score is amended and any information about the closure removed. Mrs F also feels further compensation is due.

As no agreement could be reached the complaint was passed 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 Miss S has had cause for complaint and the impact the account closure has had on her. I appreciate Miss S and Mrs F were disappointed by the Investigator's opinion. I'd like to reassure Miss S that I've considered the whole file and what's she and Mrs F have 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. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

I must also highlight that my review focuses on HSBC's handling of Miss S' accounts only. I understand Mrs F has a separate complaint with our service, and some of the issues she has raised specifically concern her holdings with HSBC. I will not be commenting on these points in this decision.

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.

HSBC is strictly regulated and must take certain actions in order to meet their legal and regulatory obligations. They can broadly be summarised as a responsibility to protect persons from financial harm, and to prevent and detect financial crime. They're also required to carry out ongoing monitoring of new and existing relationships. In Miss S' case global sanctions guidance and laws are also pertinent.

In Miss S' case HSBC carried out a review, in line with the account terms and these responsibilities. This review led to its ultimate decision to close Miss S' accounts. Based on the evidence I've seen, I am satisfied HSBC acted fairly in reviewing and then closing Miss S' accounts.

I say this as HSBC has explained and given me information to show the process it went through when reviewing the accounts and the factors it considered before making the decision to close the accounts. Having carefully considered this, I'm satisfied HSBC took these actions in line with the obligations it must adhere to, and it wasn't a decision that was taken lightly. In addition, HSBC is entitled to close an account just as a customer may close an account with it. But before HSBC closes an account, it must do so in a way, which complies with the terms and conditions of the account.

The terms and conditions of Miss S' accounts set out that the bank can close the accounts by providing 60 days notice. HSBC says it provided Miss S with the full notice period as it wrote to her in July 2024 to explain it would be closing her accounts 18 September 2024. A key issue is Mrs F says this letter was never received by Miss S. I have no reason not to accept what Miss S is saying – after all, letters do sometimes go missing. But I have to balance what Mrs F has said against the evidence HSBC has provided – which includes internal notes and screenshots to show the letter was sent to the correct address for Miss S. HSBC has also provided a copy of the letter it sent, and it is correctly addressed. And I

haven't seen that HSBC was given any information that Miss S was having issues receiving her letters or that she wanted letters sent through a different communication channel. So, whilst I have sympathy for Miss S, I don't consider her not receiving the letter to be an issue HSBC can be fairly held responsible for.

I know Mrs F feels HSBC has acted unfairly given the lack of information provided to her about the closure. Ultimately Mrs F would like a detailed explanation as to why HSBC took these actions. But HSBC isn't under any obligation to provide this. Further the fact Mrs F and Miss S are long-standing customers isn't a factor HSBC can be reasonably expected to take into consideration when deciding to close an account. It's regulatory duties and terms of the account are the overriding considerations.

I would add too that our rules allow us to receive evidence in confidence. We may treat evidence from regulated businesses' 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 we consider should be kept confidential. Having carefully considered this information, I'm satisfied HSBC acted appropriately and in keeping with its regulatory duties.

Mrs F says HSBC's decision to close Miss S' accounts caused her significant distress and inconvenience. HSBC accepts there were service failings in Miss S' case when she attended branch. Miss S asked for funds to be transfer funds wasn't actioned. HSBC offered to pay 8% interest on the account balance for the 15 days Miss S didn't have access to funds in the account. This totalled £47.57 after the necessary tax was deducted. HSBC also offered an additional £200 for the inconvenience caused. Mrs F doesn't think these amounts adequately reflect the impact HSBC's actions had on Miss S.

Reaching an award for distress and inconvenience is seldom straightforward. The issues involved are subjective by their very nature and the impact on the consumer can be difficult to determine. Our awards are not intended to be punitive for businesses. The primary purpose of our awards for distress and inconvenience is to recognise the impact on a consumer where there have been shortcomings. In Miss S's case I've considered the timeline of events, and communication received by Miss S, and I'm satisfied the £200 compensation award recognises the stress and inconvenience caused to Miss S.

Another key concern for Mrs F is that the closure of the account may affect Miss S' credit file and her ability to open accounts and access services elsewhere. I must also highlight that as Miss S is a minor she may not currently have an active credit file. In any event, HSBC has confirmed it hasn't recorded any adverse about Miss S.

Mrs F says HSBC have discriminated against Miss S and the closure is due to her Iranian heritage and links to Mrs F. While I can appreciate this is their perspective, it is not my role to decide whether discrimination has taken place – only the courts have the power to decide this. I have, however, considered the relevant law in relation to what Mrs F has said when deciding what I think is the fair and reasonable outcome. Part of this has meant considering the provisions of The Equality Act 2010 (The Act). And after looking at all the evidence, I've not seen anything to suggest that HSBC treated Miss S unfairly.

While I appreciate how HSBC restricting the account made Miss S feel, I have to consider if other customers in similar situations would have been treated the same way. Having looked at all the evidence, I haven't seen anything to show that HSBC would have treated another customer with similar circumstances any differently than Miss S. Based on the information I've seen HSBC has based its decision on legal and regulatory factors. So, I can't say HSBC treated Miss S unfairly because of her Iranian background.

I can see in response to the Investigator's review Mrs F has referred to UK caselaw, legislation and regulatory guidance to support Miss S' position. I've thought about these submissions, and I must highlight that when reviewing complaints this service considers a wide range of sources – this includes the law, regulatory guidance and good industry practice. I can assure Mrs F that our approach to cases of this nature factors in these various sources and issues. Taking all of this into consideration I am satisfied HSBC has acted appropriately in the specific circumstances of Miss S' case.

I know this will not be the outcome Miss S and Mrs F were hoping for, and I know Miss S will be disappointed with the decision I've reached. I hope it provides some clarity around why I won't be asking HSBC to take any further action to compensate Miss S.

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 Miss S to accept or reject my decision before 25 December 2025.

Chandni Green
Ombudsman