

## **The complaint**

Mr S and Mrs S complain HSBC UK Bank Plc trading as first direct unfairly closed their account immediately.

## **What happened**

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

Mr S and Mrs S held a joint account with HSBC, and on 18 November 2024 HSBC informed them it would no longer be continuing to provide services, and their account would be closing immediately.

Mr S raised a formal complaint about the handling of the account – and raised detailed points about the unfairness of the decision and the poor service received. In its final response letter dated 18 November 2024 HSBC explained that it had reviewed Mr S and Mrs S's account and this action was taken in line with its regulatory duties and the account terms and conditions. HSBC explained it was unable to share any further information with Mr S and Mrs S about its decision. Mr S sent additional submissions, but HSBC maintained its position.

Mr S and Mrs S 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 is under no obligation to continue to offer the account.
- HSBC has shared its reasons with this service for the closure, and it has acted fairly and it doesn't need to share these reasons with Mr S and Mrs S.
- The term
- s and conditions of the account allow HSBC to close the account.

Mr S disagreed with the review, explaining that HSBC had failed to treat them fairly and HSBC hasn't explained which term in the account terms it has relied on. The only basis that a bank can terminate a customer's account is if money laundering is suspected, and Mr S and Mrs S were able to access their funds, which means this can't have been an issue.

As no agreement could be reached, the case has been referred to me – an ombudsman – for a final decision. This review will focus on the joint account Mr S and Mrs S held. A separate decision will address Mr S's concerns about his individual holdings.

## **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 S and Mrs S has had cause for complaint – I can understand their frustration with the situation. 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 S and Mrs S'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 S and Mrs S' case I'm satisfied HSBC was complying with these obligations when they reviewed Mr S and Mrs S's holdings with it.

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 S and Mrs S and I understand he feels strongly about this. However, this is an important aspect of our dispute resolution function. Further, 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 Mr S and Mrs S fairly. So, I'm persuaded I should take it into account when deciding the outcome of the complaint.

Based on the information disclosed by HSBC I'm satisfied it acted fairly by reviewing and then closing Mr S and Mrs S's account and it had no obligation to tell them the basis of its concern or forewarn them of its intention to carry out such a review. Mr S and Mrs S say they are long standing customers, and their treatment has been unfair. But the fact they are long standing customers isn't a factor I can reasonably expect HSBC to take into account, and other factors – such as its regulatory duties, and the account terms, will take precedence over this.

The terms and conditions of the account set out that the HSBC can close the account by providing 60 days' notice. In certain circumstances, it can also close the accounts immediately. In this case HSBC closed the accounts immediately. 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.

Mr S says the only grounds on which HSBC can take this action is if there are money laundering concerns. Mr S says there hasn't been any suggestion of this as the funds have been released to them. In my review 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 and then closing their account. I understand Mr S and Mrs S 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. Accordingly, I have accepted information in confidence which I am not disclosing to them. And the description of that information is that it's of a nature which justifies HSBC' review, and which has led me to decide that it has not treated them unfairly when it closed their accounts.

Mr S says that HSBC should direct them to the term it has relied on to close the accounts, and they have failed under their duty to treat customers fairly. HSBC isn't under an obligation to provide specific details to Mr S and Mrs S of how it reached its decision and the factors that influenced it. Ultimately HSBC is entitled to set its 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. Based on the evidence provided by HSBC I am satisfied it has reached this decision fairly, taking into account its risk guidance and regulatory considerations.

I've thought carefully about Mr S's comments about the impact the immediate closure had on them. Mr S says they had multiple direct debits and incoming payments also had to be rerouted. The immediate closure of an account can have a significant impact on a customer, and this isn't a decision that should be taken lightly. However, given the circumstances here, I consider HSBC's actions to be necessary and reasonable.

Mr S has also raised general points about how HSBC has explained its actions and the disparity in power between them and HSBC as a large institution. It is the role of the Financial Ombudsman Service to resolve individual complaints and to award redress where appropriate. We do not perform the role of the industry regulator, and it is not our role to comment on how businesses conduct their operations. That's the role of the Financial Conduct Authority (FCA). For these reasons it wouldn't be appropriate for me to comment on how HSBC runs its operations and conducts its business on a general level.

I've also considered the service issues Mr S has raised – he says he wasn't given details as requested, and it was only during calls when he pushed for action to be taken that the funds were transferred. I appreciate dealing with HSBC once it made the decision to end its relationship with them was challenging. However, I can see the funds were returned to Mr S and Mrs S and they have been able to access banking services elsewhere. I therefore don't consider compensation or further action for this issue to be necessary.

I'm sorry this isn't the outcome Mr S and Mrs S hoped for, and I know they 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 S and Mrs 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 Mr S and Mrs S to accept or reject my decision before 20 January 2026.

Chandni Green  
**Ombudsman**