

The complaint

Mrs G complains that HSBC UK Bank Plc closed her bank accounts.

What happened

Mrs G had several accounts with HSBC UK Bank Plc. These included two current accounts, a savings account, and a credit card. She also held two joint accounts with a third party. Mrs G has made it clear that this complaint is about the impact HSBC's actions had on her, and so I won't be looking at what happened to the third party in this decision.

On 18 December 2024, HSBC wrote to Mrs G and said it planned to close all of her accounts. It said that it would close the accounts on 20 February 2025. But it said it might change its decision if Mrs G contacted it and provided information it needed to complete a review. Mrs G booked an appointment to discuss this on 2 January 2025. But that day, HSBC wrote to Mrs G to say that it no longer needed to contact her – and that there were no safeguard restrictions held on her account. Nevertheless, the accounts closed on 21 February 2025. Dissatisfied, Mrs G complained to HSBC, and referred matters to us.

HSBC accepts that it made a mistake by closing Mrs G's accounts. It has offered to pay Mrs G £500 to apologise for the distress and inconvenience this has caused. It has also offered to reopen her sole accounts, including her credit card. Our investigator looked at this and thought this offer was fair.

Mrs G doesn't think this reflects the impact HSBC's actions had on her.

As the investigator couldn't resolve things informally, the complaint has been referred to me.

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 terms and conditions that applied to Mrs G's accounts said HSBC could end the agreement and close the accounts by giving at least two months' notice. The terms and conditions also allow HSBC to ask Mrs G for information – and allow HSBC to block or close accounts if information isn't provided.

In Mrs G's case, HSBC said it had blocked and closed the account following a review. HSBC has sent us a copy of the letter giving notice that it would close the account. It told Mrs G that the accounts would close on 20 February 2025. It goes on to say that Mrs G can ask HSBC to change its decision if she called them and could provide the information it needed to complete its review. Based on what I've seen, Mrs G in fact booked an appointment on 2 January 2025. But on that day, HSBC cancelled the appointment. It sent Mrs G an email which began: "Good news, we no longer need to speak to you!" It said that upon further review of the customer details currently held, a call was no longer required at this time. Mrs G thanked HSBC, writing "this was all very stressful and worrying, but thankful its all been resolved".

HSBC now says it cancelled the appointment by mistake. HSBC says it still needed to speak with Mrs G about her accounts. As a result, Mrs G's accounts were closed. HSBC has offered to pay £500 to apologise for the distress and inconvenience it caused. It says it is willing to reopen Mrs G's sole accounts including her credit card. But it says it is unwilling to reopen the joint accounts and refused to comment further on them.

With this in mind, the main issue I need to decide is whether this offer is fair.

Where I decide, or a business agrees, that a business shouldn't have closed an account, any compensation I award is intended as far as possible to put the complainant in the position they'd be in if things had happened as they should have. And where I make an award for distress or inconvenience caused by a business, this isn't intended to punish the business but to reflect the impact of the business's actions.

HSBC agrees it shouldn't have closed Mrs G's account. So I don't need comment further on that. Given what HSBC has said, if things had happened as they should have Mrs G would have completed the review in January 2025 and her sole accounts would have remained open.

I have carefully considered what Mrs G has said. Mrs G was on holiday abroad at the point HSBC closed her accounts. Mrs G says this meant she had to spend time sorting things out rather than enjoying her holiday, and that she had to rely on help from family to pay her share of their holiday expenses. As the account was closed, Mrs G couldn't receive her monthly salary, and she needed to rearrange all her direct debits and regular payments. She was able to open a new account a few days after she returned to the UK, but didn't finally receive her salary until 4 March 2025. She didn't receive the cheque for the outstanding balance until 7 March. Finally, Mrs G says that the stress this caused led to a flare up of an existing health condition which meant she had to take time off work.

I have every sympathy for Mrs G and don't doubt she's gone through a very stressful time. Having considered everything Mrs G has said alongside the other information that's available:

I accept that the closure of her accounts happened at a very inconvenient time. She was abroad, and while I acknowledge that she had family who were able to support her at this time, it was still distressing to have her financial independence taken away from her.

As the account closed unexpectedly, Mrs G had to rearrange all her regular payments. She didn't receive her salary on time, and didn't have access to the balance of the account until nearly two weeks later.

I've considered what Mrs G has said about her health. I note that the medical evidence Mrs G has sent us indicates that the flare up of her existing condition began just over a month before HSBC closed her accounts. I further note a bereavement occurred during this period. So I cannot say, on balance, that HSBC caused Mrs G's time off work. But I accept that her circumstances meant HSBC's actions had a heightened impact on her.

In summary, I accept that HSBC's actions has caused her considerable distress, upset and worry – and caused significant inconvenience. HSBC's actions had a serious impact over the weeks that followed.

I note that HSBC also closed Mrs G's joint account – which meant that, together with the closure of her sole accounts, she had no access to another bank account. I've taken this into account when assessing the impact on Mrs G.

With this in mind, I've considered HSBC's offer. HSBC has offered £500 to reflect the distress and inconvenience it caused. Given what I've said above, and that serious impact of its actions over a number of weeks, I think this is fair compensation in the circumstances of this complaint. HSBC has also offered to reopen Mrs G's accounts. I note Mrs G says she no longer wishes to bank with HSBC, which is understandable. If Mrs G subsequently decides she does want an account with HSBC she should approach HSBC directly.

My final decision

My final decision is that HSBC UK Bank Plc has offered fair compensation for closing Mrs G's accounts. HSBC should now pay this to Mrs G if it hasn't already. I make no further award.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs G to accept or reject my decision before 16 September 2025.

Rebecca Hardman
Ombudsman