

The complaint

K, a residents' association, complains that HSBC UK Bank Plc hasn't updated its mandate as requested and has placed an inhibition on its account.

What happened

K says that its' members agreed at an Extraordinary General Meeting on 2 April 2022 that its' chair at the time – who I'll refer to as Mr B throughout the rest of this decision – and his wife had disqualified themselves from being members of the association meaning they couldn't hold office either. In other words, Mr B ceased to be chair. He was one of K's signatories at the time, as was K's then treasurer who K says resigned at the following Annual General Meeting. K also says that its' committee agreed at a meeting on 27 April 2022 to appoint new signatories and get its mandate updated. K wrote to HSBC following this meeting and its mandate was updated.

HSBC says that it then received documentation suggesting that there was a dispute within the residents' association which cast doubt on who was and wasn't a signatory. HSBC ultimately cancelled K's new mandate and placed an inhibition on the account.

K complained to HSBC about it cancelling its new mandate and inhibiting the account. Mr B also complained to HSBC saying that there had been a fraudulent attempt to take over the residents' association and that its members had decided to dissolve the association and donate its remaining funds to a well-known national charity. Mr B said HSBC should honour their wishes.

HSBC looked into both complaints – and other complaints that both parties brought – and said that it had done nothing wrong placing an inhibition on the account and that this would remain until the dispute between the parties was resolved. In the meantime, HSBC said that no payments would leave K's account without all of the old and new signatories' agreement. HSBC offered compensation to both parties at various stages.

Both parties were unhappy with HSBC's response and complained to our service.

One of our investigators looked into a complaint brought by Mr B saying, amongst other things, that HSBC hadn't paid the association's remaining funds to the charity I mentioned above, ignoring the members' wishes. That investigator said we couldn't look into a complaint if it was on behalf of a dissolved organisation.

Another of our investigators looked into the complaint that this decision relates to – in other words, a complaint on behalf of K that HSBC hasn't updated its mandate as requested and has placed an inhibition on its account. That investigator said that HSBC hadn't done anything wrong when it placed an inhibition on K's account but said that HSBC had misinformed the association for which it had offered £300 in compensation. They thought that this offer was fair.

K wasn't happy with our investigator's recommendations and asked for its complaint to be referred to an ombudsman for a decision. K said its members were concerned that accepting

our investigator's recommendation would, in effect, allow the old signatories to steal the remaining funds. In the meantime, the parties had been to Court on several occasions in relation to this dispute and related matters. K's complaint was passed 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.

Last month I issued a provisional decision saying that I agreed HSBC was right to inhibit K's account when it became clear that there was a dispute within the residents' association. In that provisional decision, however, I also said that I didn't agree the inhibition was still needed. I said I was minded to uphold K's complaint.

Before issuing my provisional decision, I shared my thoughts with HSBC and sent it documentary evidence including evidence showing that claims brought by Mr B – including a claim for a ruling that the money in K's account with HSBC should be paid to the charity I mentioned above – have been struck out on the basis that they disclosed no reasonable grounds for bringing the claim. Having done so, HSBC told me that it paid the balance in K's account to the charity I mentioned above in April 2025 and that it has also issued a notice to close K's account. The account is due to close on 1 August 2022. HSBC also appeared to accept that paying the balance in K's account to charity was probably not the correct thing to do based on the documentary evidence I'd shared. But said that K hadn't shared the documentary evidence I had with it, so it didn't think it had done anything wrong.

In my provisional decision, I said that HSBC should pay £800 into Mr K's new account - £500 to reflect the fact that it hasn't had access to its funds for over three years and £300 to reflect the amount of time the association has had to spend getting this complaint resolved – as I considered that to be a fair way to resolve this complaint. Both parties were invited to reply to my provisional decision and both did.

HSBC said it was disappointed that my provisional decision hadn't acknowledged or responded to comments it had made when I'd shared my thoughts and said that it represented an over simplified view of what had happened. It also said that apart from paying away the funds prematurely it didn't think it had done anything wrong and didn't think it should be paying any more compensation. Nevertheless, on a without prejudice basis, HSBC said it was prepared to accept my provisional decision in order to bring the matter to a close – in other words, was prepared to pay the £800 I'd mentioned. In the meantime, K considered and accepted my provisional decision.

Putting things right

In my provisional decision I said that HSBC should pay £800 into Mr K's new account as I considered that to be a fair way to resolve this complaint. Both parties have accepted my provisional decision, so having reconsidered everything again that's the award I'm going to make. I hope that everyone will now be able to move on and put what has clearly been a difficult and acrimonious dispute behind them.

My final decision

My final decision is that I'm upholding this complaint and require HSBC UK Bank Plc to pay £800 into K's new account in full and final settlement of this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask K to accept or reject my decision before 30 July 2025.

Nicolas Atkinson
Ombudsman