

The complaint

Mr L complains HSBC UK Bank Plc closed his current account unfairly and they refuse to tell him why.

What happened

Mr L held a basic current account with HSBC. Following a review, HSBC decided to close the account with immediate effect in June 2023.

Mr L raised a complaint with HSBC in early 2025. He says HSBC failed to give him sufficient notice, given he did not engage in any of the behaviour or activity that permitted them to close the account immediately. He believes their review and decision-making process was unfair and he thinks they should have contacted him before making their decision. If they had, he would have been able to answer any concerns, and he could have let them know about the very challenging circumstances he faced at that time.

On raising his complaint, he told HSBC that at the time of the closure he faced serious mental and physical health challenges following a traumatic accident, and he also experienced a gambling addiction. I was very sorry to hear about his circumstances, and I thank him for revealing what must be a difficult situation to discuss.

Our investigator didn't uphold Mr L's complaint and sent two views. In summary they found:

- HSBC acted fairly and in line with the terms and conditions of the account.
- HSBC weren't obliged to provide their reason for closing the account, although it was understandable why Mr L wanted to know what it was. They had accepted HSBC's reasons in confidence. The government's proposed new rules on creating new responsibilities for banks regarding the closure of accounts weren't in force at the time of the account closure, and it remained that HSBC had acted fairly and reasonably.
- The earliest instance of HSBC being aware of the situation Mr L faced was when he raised his complaint to them. It wasn't reasonable to expect them to have considered his situation when closing his account, and neither did their subsequent awareness mean they should now disclose their reasons to him.

Mr L asked for a final decision by an ombudsman, so his complaint has been given to me to decide.

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.

I've decided not to uphold Mr L's complaint. He will likely be very disappointed by the outcome I've reached, so I'll explain why.

Banks have very important legal and regulatory obligations to meet when providing accounts. Not implementing those obligations carries with it heightened risk of both criminal and civil liability. Broadly speaking they need to monitor accounts in order to prevent and detect harm, including crime. To these ends they will carry out reviews which are either event driven or periodic – this may result in decisions such as offboarding a customer.

A decision to offboard a customer as a result of a review, doesn't mean a customer must have carried out illegitimate activity or that there has to be robust evidence to demonstrate they did. That is not what banks' legal and regulatory obligations require. But banks are required to have their own risk-based policies, controls and procedures according to their obligations, and to make risk-based assessments in line with them when they form concerns.

Mr L feels HSBC should have contacted him to discuss what concerns they held, but after reviewing the basis for their decision, while they weren't prevented from contacting him, I don't find the information they held meant they should have contacted him or that they acted disproportionately by not doing so. On balance, I'm satisfied HSBC acted reasonably based on the factors they disclosed to our service.

Mr L understandably wants to know those factors, but I don't find HSBC are required to provide them. I've accepted their reasons in confidence, which is a power afforded to me under the Dispute Resolution Rules which form part of the Financial Conduct Authority's (FCA) handbook.

I've not taken this decision lightly, given Mr L is not able to respond to what HSBC have revealed. But I find the information due to its nature and what it reveals should be kept confidential. A description of that information is that it relates to account activity, the risk-based controls HSBC have in place, and their risk assessment.

Banks do have responsibilities to look for and consider customers' vulnerabilities when making decisions. And, based on what Mr L has said, he was experiencing a very challenging time when his account closed, which I haven't had cause to doubt, and I was sorry to hear about. The closure of the account clearly caused him understandable concern. But I'm not persuaded the evidence shows HSBC were on notice or ought to have been aware of his circumstances.

Mr L revealed what was happening to him on raising his complaint, but this was some time after the fact of the account closure. It wouldn't be reasonable to conclude HSBC acted unfairly based on information they didn't have at the time of their decision. So, I don't find HSBC breached the FCA's Principles for Businesses by not accounting for his situation at the time of their decision to close, or by continuing not to reveal their reasons once they were aware of his situation.

Mr L thinks HSBC ought to have given him a notice period considering the account terms that relate to immediate closure. But I've concluded HSBC haven't unfairly applied their terms. Mr L used the account in part to receive some short-term loans and make some repayments in connection with them, but much of the account activity shows often large cash payments being deposited and quickly being sent to an account he held elsewhere. The activity prior to the account closure isn't to my mind indicative of managing wider household and living expenses.

Mr L says the multiple large cash deposits were casino winnings, reflective of his gambling addiction at the time. But I haven't seen information to show HSBC ought to have been aware of his wider circumstances and addiction prior to the account closure. I've also borne in mind that continuing to provide an account to receive cash winnings resulting from an addiction Mr L describes as harmful may not have been beneficial.

Mr L's account was a basic account, but it appears he had use of other payment accounts with at least basic features at the time of the account closure. So, I don't find HSBC were under a greater obligation to not close the account.

On balance, I'm satisfied HSBC closed Mr L's account legitimately and I don't require them to take further action.

My final decision

I've decided not to uphold Mr L's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 17 November 2025.

Liam King
Ombudsman