

The complaint

A company that I will refer to as L, complains that HSBC UK Bank Plc blocked and close its account. And has filed to release money that was paid into the account.

Ms Y, a director of, brings the complaint on behalf of L.

What happened

L had a business account which it opened in June 2024.

In February 2025, L's account received an overseas credit of just over £200,000, from a company I will refer to as B. Prior to this transaction, L's account balance had remained below £50 and relatively unused.

HSBC decided to review L's account to comply with its legal and regulatory obligations. As part of the review HSBC reached out to Ms Y and asked her to provide information about L's entitlement to the money it had received from B. Whilst it completed the review HSBC blocked L's account.

Ms Y told HSBC that she had been approached by one of L's shareholders, who I will refer to as Mr R, who asked her to allow L to receive money on behalf of another company. Mr R told Ms Y that his business account had been frozen by another bank. Ms Y provided HSBC copies of an agreement she signed with Mr R setting out the arrangement, along with a copy of a contract for work and an invoice.

HSBC reviewed the paperwork but weren't satisfied this showed L was entitled to the funds. So, it continued to withhold the funds to comply with its regulatory obligations.

Ms Y contacted HSBC to find out what was happening with the money L had been paid by B. But HSBC wouldn't give Ms Y much information and told her that it would send Ms Y a letter in due course. Following this in March 2025, HSBC decided to close L's account immediately and sent Ms Y a cheque for the closing balance, which was around £40. HSBC told Ms Y it wasn't willing to release the money sent by B.

Ms Y complained to HSBC. He said HSBC treated L unfairly by blocking its account without notice. And keeping the money B had paid into the account. She said that HSBC's actions had severe impact on its and B's business operations. And as a result, it had been forced to sell off valuable assets.

In response, HSBC said that it had reviewed and closed L's account to comply with its legal and regulatory obligations. And wasn't able to release the funds paid in by B to L.

Ms Y remained unhappy and asked us to investigate L's complaint. She said the block on L's account and lack of access to the funds caused L and Mr R's company a lot of problems. She said that the money had been received from a legitimate transaction and everything was above board.

After looking at all the information one of our investigator's said that HSBC hadn't treated L unfairly when it had blocked and closed its account. And withholding the money from B.

Based on the information HSBC had shared with us in confidence he didn't recommend HSBC should do anything further to resolve L's complaint.

Ms Y disagreed. She asked for L's complaint to be reviewed by an ombudsman. She added that she had been contacted by the police, and a hearing had been scheduled.

As no agreement could be reached the matter has come 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 would add too that our rules allow us to receive evidence in confidence. We may treat evidence from financial businesses as confidential for a number of reasons – for example, if it contains information about other customers, security information or commercially sensitive information. It's then for me to decide whether it's fair to rely on evidence that only one party has seen. 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 L fairly. So, I'm persuaded I should take it into account when deciding the outcome of the complaint.

I'm very aware that I've summarised the events in this complaint in far less detail than the parties and I've done so using my own words. No discourtesy is intended by me in taking this approach. Instead, I've focused on what I think are the key issues here. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts. If there's something I've not mentioned, it isn't because I've ignored it. I'm satisfied I don't need to comment on every individual argument to be able to reach what I think is the right outcome. But I have read all Ms Y's submissions.

I want to make it clear that I understand why what happened concerned Ms Y. I've no doubt it would've come as quite a shock to her, and she would've been very worried to find out that L's account had been blocked. But as the investigator has already explained, HSBC has extensive legal and regulatory responsibilities they must meet when providing account services to customers. They can broadly be summarised as a responsibility to protect persons from financial harm, and to prevent and detect financial crime.

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 blocking L's account. I appreciate that Ms Y wants to know more about why HSBC did what it did. But HSBC isn't obliged to tell Ms Y why it blocked and reviewed L's account, and I don't believe it would be appropriate for me to require it to do so as much as she'd like to know.

The terms and conditions of Ms Y's accounts also make provision for HSBC to review and suspend an account. And having looked at all the evidence, I'm satisfied that HSBC have acted in line with these when it suspended L's account. So, although I understand not having access to L's account caused Ms Y inconvenience it wouldn't be appropriate for me to award L compensation since I don't believe HSBC acted inappropriately in taking the actions that it did when it blocked L's account. I should also point out that this complaint concerns L's account – not Mr R's business account. So, I cannot consider any impact HSBC's actions had on Mr R or his business.

The result of the review was that HSBC decided they didn't want to provide financial facilities to L anymore. HSBC wrote to Ms Y in March 2025 that it had decided to close L's account immediately.

It's generally for banks and financial businesses to decide whether or not they want to provide, or to continue to provide, account facilities to any particular customer. Unless there's a very good reason to do so, this service won't usually say that a bank or financial business must keep customer or require it to compensate a customer who has had their account closed.

As long as banks and financial businesses 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 account services without proper reason, for instance of unfair bias or unlawful discrimination. And they must treat new and existing customers fairly.

HSBC have relied on the terms and conditions when closing L's account. I've reviewed the terms, and they explain that HSBC can close the account without notice.

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, including the information HSBC has provided to this service in confidence, I'm satisfied that HSBC did. And that it was entitled to close the account as it's already done. So, I can't conclude that HSBC treated L unfairly when it closed its account.

The crux of L's complaint is that Ms Y wants the money paid into L's account, which is around £200,000 released. Ms Y has said that this is money B is owed from a legitimate business contract.

HSBC have declined to return the funds to Ms Y. Having looked at the information provided by HSBC, and what Ms Y has said about the funds, I don't think that is unreasonable. This means I won't be directing HSBC to release the money to L, that's because based on the evidence I've seen, I'm not satisfied that L is entitled to the funds. Overall, I'm satisfied that this decision is in line with not the terms of the account and HSBC's wider legal and regulatory obligations.

In summary, I recognise how strongly Ms Y feels about L's complaint, so I realise she will be disappointed by my decision. But overall, based on the evidence I've seen I won't be telling HSBC to do anything more to resolve L's complaint. I've taken on board Ms Y's comments regarding the police involvement, but these don't change my conclusions.

My final decision

For the reasons I've explained, my final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask L to accept or reject my decision before 9 September 2025.

Sharon Kerrison
Ombudsman