

## **The complaint**

A company I will call 'S' complains that HSBC UK Bank Plc hasn't done enough to compensate it after it agreed there were some poor service issues when it restricted S' account.

Mr S, a director of S, brings the complaint on behalf of the company. To put things right, he wants HSBC to recognise the full impact of its poor service and pay more compensation.

## **What happened**

In July 2024, HSBC wrote to Mr S and asked him to confirm details for a safeguard review. Although there was correspondence between the parties, HSBC restricted S' business current account in December 2024 when it had been unable to complete its review process. As a result, Mr S was unable to access S' account between 11 December 2024 and 6 January 2025.

The restriction was removed when Mr S contacted HSBC and provided the information required. HSBC accepted however that it hadn't done enough or tried hard enough to obtain the missing information needed from Mr S to complete the review and it paid S £200 compensation for this.

Mr S brought the complaint to us and our investigator agreed that HSBC needed to do more to put things right. The investigator felt that a fair outcome would be for HSBC to pay a further £300 to S to reflect the inconvenience and reputational damage HSBC's poor service had caused S.

HSBC agreed this proposed resolution. Mr S felt this still didn't go far enough to put things right – in particular he mentioned financial losses hadn't been addressed, including lost revenue due to suspension of trading activity, loss of goodwill and damage to brand value and costs that would now need to be incurred (possibly for at least a year) re-launching products. He also objected to HSBC crediting compensation directly to the account without his agreement.

## **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.

Having thought about everything I've seen and been told, I've independently reached the same overall conclusions as our investigator. I'll explain why I say this.

The background facts are broadly agreed as set out above. So my focus is on whether HSBC has acted in a fair and reasonable way overall here by doing enough to address the poor service issues it was responsible for.

I appreciate that Mr S feels strongly that HSBC shouldn't have taken action that disrupted his business. But HSBC must comply with its legal and regulatory obligations which include protecting customers from financial harm and detecting and preventing financial crime. This means HSBC needs to regularly monitor account activity and, from time to time, it may need to review a particular account, to ensure it holds all the information needed to carry out its obligations and to understand how the account is being used. It might also be necessary to block an account during a review – especially whilst there are outstanding queries. There is provision for this in the account terms and conditions, which Mr S would've agreed to in order to be able to use this account.

I appreciate that Mr S felt HSBC didn't need to inhibit S' account when it said it needed more information about addresses associated with the account. But the way financial businesses (like HSBC) choose to operate and their internal processes come under the oversight of the Financial Conduct Authority ('FCA'). So it's not up to me to tell HSBC how it should implement compliance measures or what checks are required or what information it needs. And I can understand why in this instance, HSBC wanted to know more about the mismatch between S' registered address and the address Mr S asked HSBC to use for correspondence.

After completing the necessary checks, HSBC promptly removed the account restrictions. So, I haven't found that HSBC made any error or acted unreasonably when it restricted S' account or that the restriction was in place for any longer than was fair and reasonable.

Nonetheless, HSBC still needed to act in a fair and reasonable way towards S. In particular, HSBC should have proactively contacted Mr S when it needed further information to complete its checks. It failed to do this as quickly as it should've done – or at all in some instances. Additionally, HSBC should have returned the incomplete form submitted by Mr S via Business Internet Banking so it would've come to his attention - and I think if that had happened, Mr S would likely have dealt with the outstanding information request. HSBC agreed it could've made more attempts in order to obtain the outstanding information from Mr S during the review process and paid him £200. It accepted the investigator's recommendation that it should increase this payment, bringing the total compensation amount to £500.

Our approach to redress is to aim to look at what's fair and reasonable in all the circumstances of a complaint.

I've kept in mind that it was appropriate for HSBC to block any further activity on the account while it completed its checks – and I think it likely that there might always have been some disruption to S' business activities during the review process given the address mismatch and the need for further enquiry. I'm only looking to provide redress for the additional and avoidable problems caused by HSBC's poor service when carrying out the review process which delayed things unreasonably.

Also, some of Mr S' concerns are about how the business will recover. But I can't award compensation for hypothetical scenarios as it's not within the remit of this service to do so. And we expect consumers to take reasonable steps themselves to limit the impact of things going wrong. So whilst I accept that needing to set up new banking arrangements for S to be able to deal with its supplier was an inconvenience, I think it was reasonable to expect Mr S to do this in the circumstances – and I hope that will have gone some way towards protecting his relationship with his supplier.

HSBC exceptionally allowed S to make a scheduled loan repayment whilst the account was otherwise restricted, which I think demonstrates that it did try to treat S fairly – even though it had outstanding concerns that needed to be addressed before the account could be allowed to operate on an unrestricted basis again.

I've taken into account that Mr S is especially concerned that the amount paid so far doesn't cover financial loss or that the investigator didn't properly consider this aspect. He feels that loss of revenue needs to be reflected in any award. He hasn't provided any specific details that shows a reduction in S' revenue directly attributable to HSBC's poor service. I recognise this would be difficult for him to do, but I've kept this in mind when thinking about the overall compensation award that is fair and reasonable here.

Thinking about all this, and whilst accepting that what happened caused some business disruption, cashflow problems and difficulties with S' supplier, I think that £500 is broadly fair overall to reflect the extent of HSBC's poor service and the impact this had on S.

Beyond this, I don't agree that S' experience with HSBC warrants further compensation. I am satisfied that £500 in total matches the level of award I would make in these circumstances had it not already been proposed. It makes no difference that HSBC had already paid £200 voluntarily (despite Mr S concerns about this, it simply means that S has had the benefit of that money sooner). £500 in total is in line with the amount this service would award in similar cases, and it is fair compensation for HSBC to pay S in this particular situation.

I'd like to reassure Mr S that I've taken carefully into account everything he's told us. But rather than responding to each point, I've concentrated on the question of fair redress for what happened, as this is the main reason Mr S asked for an ombudsman referral. This reflects the fact that we provide an informal complaint handling service as a free alternative to the courts.

### **Putting things right**

HSBC should pay S a total amount of £500 compensation, as it has already agreed to do.

For the avoidance of doubt, this means that if HSBC has only paid the £200 compensation it transferred into S' business account on 12 February 2025, it should now pay a further £300.

### **My final decision**

My final decision is that I uphold this complaint and direct HSBC UK Bank Plc to take the steps set out to put things right for S.

Under the rules of the Financial Ombudsman Service, I'm required to ask S to accept or reject my decision before 14 October 2025.

Susan Webb  
**Ombudsman**