

The complaint

Mr L complains that HSBC UK Bank Plc blocked and then closed his bank account.

What happened

Mr L had an account with HSBC. In March 2025, HSBC blocked the account while it carried out a review. Then, in May 2025, HSBC said it would close his account with immediate effect. Dissatisfied with this, Mr L complained to HSBC and then referred the complaint to us.

HSBC accepts it closed the account by mistake. Our investigator looked at all this and thought the complaint should be upheld. She thought HSBC could have unblocked the account sooner – and recommended HSBC pay interest for the period the account was blocked. She also recommended that HSBC pay Mr L £300 to reflect the trouble and upset this caused. As Mr L had said this had caused difficulties repaying a personal loan, she also asked HSBC to remove the late payment markers and adverse information recorded on Mr L's credit file.

HSBC has agreed with the investigator and has arranged to remove the adverse information on the credit file. Mr L thinks HSBC should pay more. As we haven't been able to resolve matters informally, the complaint has been referred 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.

HSBC accepts it shouldn't have closed Mr L's account. In summary, HSBC received a report about a payment to Mr L's business – apparently a package was delayed in the post, and the recipient had reported this as potential fraud. The package was delivered a day later. After Mr L provided proof that the package had been delivered, HSBC was meant to remove the restrictions. It instead closed his accounts. So I agree the complaint should be upheld. The main question for me to decide is what HSBC needs to do to put things right.

Where I decide a complaint about the block or closure of an account should be upheld, any compensation I award is intended to put the complainant in the position they be in had things happened as they should have. And where I award compensation for the distress or inconvenience a business's actions caused, this isn't to punish the business – but to reflect the impact of the business's actions.

I accept that if things happened as they should have, Mr L's account would have remained open. There were also delays to the completion of the review: Mr L told HSBC in March 2025 that he'd contacted the purchaser who'd confirmed that there'd been delays to the post. But it wasn't until May 2025 that HSBC prompted him to send it the evidence from the postal service showing that the item had been delivered. HSBC could have sorted everything out on 27 March 2025. Instead, Mr L was without the funds in his account until 28 May 2025, when HSBC paid this to him by cheque.

I've first considered whether this caused financial losses to Mr L. I accept that Mr L didn't have access to the funds in the account during this period. HSBC should pay Mr L interest (the rate is 8%) on the balance from the 27 March 2025, when I think HSBC could reasonably have completed its review, until Mr L got the money back on 28 May 2025.

Mr L has asked if HSBC should cancel the arrears on his personal loan during this period – he says that because of HSBC's actions, he wasn't able to make payments to this account. I've thought about this. HSBC has already agreed to remove the negative credit markers in respect of this loan throughout the period – and in so far as Mr L would have been able to make these repayments on time but for the restriction on his current account and the difficulties he had communicating with HSBC, I think what HSBC has done is fair. Mr L has, however, had the benefit of the loan funds, and so it is only fair that he pays these back: these were always amounts Mr L was going to need to repay, regardless of what HSBC did. Mr L may wish to contact HSBC to discuss repayment of any outstanding arrears.

Finally, I accept that Mr L would have found what happened stressful. The investigator recommended HSBC pay Mr L £300. Mr L thinks he should get more. I've thought about what Mr L has said about that. He says the impact of HSBC's actions were devastating. He's outlined the impact he says this has had on him and his family. I have some sympathy for Mr L and don't doubt he's had a difficult time.

That said, the information I've seen suggests Mr L had other accounts elsewhere, and access to other funds he could have used to meet his day to day living expenses. He now says he was able to use these funds to keep his business afloat and to cover personal living expenses. This would have limited the impact of HSBC's actions. Given what I've seen about Mr L's wider financial circumstances, I think £300 will be fair compensation in the circumstances of his complaint.

Putting things right

HSBC UK Bank Plc should:

- pay Mr L interest (the rate is 8%) on the balance in the account from the 27 March 2025, when I think HSBC could reasonably have completed its review, until Mr L got the money back on 28 May 2025

If HSBC needs to deduct income tax from that interest it should tell Mr L how much its taken off. It should give Mr L a tax deduction certificate if Mr L asks for one so he can reclaim the tax from HM Revenue and Customs if appropriate.

- Pay Mr L £300 to reflect the distress and inconvenience this all caused
- Remove the adverse payment history recorded on Mr L' credit file in relation to the personal loan. I understand HSBC has already done this. Mr L can contact HSBC to discuss repayment of any arrears.

My final decision

I uphold the complaint. HSBC UK Bank Plc should put things right by doing what I've said above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 10 October 2025.

Rebecca Hardman
Ombudsman