

The complaint

Mr C complains that HSBC Bank UK Plc unfairly blocked and closed his bank account without providing a proper explanation. He's also unhappy with the service he received and how long HSBC took to release his closing balance.

What happened

Mr C had a current account with HSBC.

In July 2025, HSBC reviewed Mr C's account. HSBC blocked Mr C's account whilst it completed its review.

Around 18 July 2025, Mr C discovered he wasn't able to access his account online and that his card had stopped working. So, he contacted HSBC to try and find out what was happening with account. HSBC told Mr C that he'd have to visit a branch to sort things out.

Mr C visited a branch where staff told him that another department needed to be contacted but wasn't available that day. But there was an issue with his telephone banking access. Later, he learned the account had been suspended. Mr C said being given inconsistent information from different teams led to him being confused and disruption to important commitments, including the purchase of medication.

Following this on 23 July 2025 HSBC decided to close Mr C's account and sent Mr C a letter to let him know he'd need to make alternative banking arrangements

Mr C contacted HSBC too find out how he could access his account balance and what would happen to his scheduled incoming salary payment. HSBC told Mr C that he could access his salary already in his account by visiting a branch with identification and his payslip. HSBC sent Mr C a cheque for his closing balance on 24 July 2025.

Mr C raised a complaint. He told HSBC that he wanted an explanation about why the bank no longer wanted him as a customer. And he said HSBC should have warned him that it was going to block his account. He pointed out that he'd been a loyal customer and always used his account properly. So, he couldn't understand what had led the bank to close his account.

In response, HSBC said it should have given Mr C clearer information about what was happening with his account when he visited the branch and should have given Mr C more notice that it had decided to close his account. To put things right HSBC offered Mr C £150 compensation.

Mr C remained unhappy and brought his complaint to our service where one of our investigator's looked into what had happened. The investigator said HSBC had done enough to put things right. Mr C disagreed. He said:

- HSBC held onto his closing account balance for too long.
- He wants more compensation.

- He couldn't pay his rent on time, and his landlord charged him £150 in late fees.
- He felt humiliated and embarrassed having to explain himself repeatedly.
- He had to cancel plans and was left with no way to pay for basic needs - medicine, rent, food, and utilities all stopped.
- The stress and anxiety was unbearable caused by not having access to his funds and he had to ask people to lend him money.
- No one from HSBC offered him any support.
- His landlord demanded his rent which left him terrified he'd be made homeless.
- The whole experience was painful and affected his mental health, and stability.

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. Some of the information HSBC has provided is information that we considered should be kept confidential. This means I haven't been able to share a lot of detail with Mr C, but I'd like to reassure him that I have considered everything.

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.

HSBC will review accounts to comply with these responsibilities. It's common practice for banks and other financial service providers to restrict access to accounts to conduct a review. This can happen regardless of how long a customer has been with a bank. The terms and conditions of Mr C's account also make provision for this to happen.

Having reviewed all the evidence, including the information HSBC has shared with us in confidence, I'm satisfied that HSBC were acting in line with its legal and regulatory obligations when it reviewed Mr C's account. I appreciate that Mr C wants to know more about why HSBC did what it did. But HSBC isn't obliged to tell Mr C why it reviewed his account, and I don't believe it would be appropriate for me to require it to do so as much as he'd like to know.

Sometimes following a review, a bank will decide to close an account. HSBC is entitled to close an account with Mr C just as he is entitled to close his account with HSBC. It's generally for banks and financial businesses to decide whether or not they want to provide, or to continue to provide, banking facilities to any particular customer. Unless there's a very good reason to do so, this service won't usually say that a bank must keep a customer or require it to compensate a customer who has had their account closed. But they shouldn't decline to continue to provide an account without proper reason, for instance of unfair bias or unlawful discrimination. And they must treat new and existing customers fairly.

The terms and conditions that applied to Mr C's current account set out that HSBC could close his account by giving Mr C at least two months' notice. In some circumstances it could close the accounts immediately. Here HSBC blocked Mr C's account, so I consider it closed Mr C's account immediately since Mr C wasn't able to use his account fully.

We've asked HSBC about this. In response, HSBC said that although it would still have closed the account, it should have given Mr C more notice. HSBC has also said that it should have been clearer about what was happening with his account when Mr C visited a branch. HSBC said it released Mr C's closing balance as soon as possible and told Mr C he was able to access his salary by visiting a branch. To put things right HSBC offered to pay Mr C £150 compensation.

I've considered what would most likely have happened if HSBC had given Mr C more notice about closing his current account – as it now accepts it should have done. Having looked at all the evidence, I'm satisfied that HSBC would still have closed the account – even if it should have given Mr C more notice. So, I won't be asking HSBC to reopen the account.

With all this in mind I've gone on to consider whether HSBC's offer of compensation for closing Mr C's account without notice is fair and for providing Mr C with unclear information.

HSBC has offered £150 to reflect the trouble and upset not giving Mr C more notice And not explaining things clearly about what was happening with his account.

Mr C has said he believes the compensation doesn't adequately reflect the amount of trouble and upset he's suffered. He's said HSBC took too long to release his account balance. He's pointed out that he had to go to the trouble and embarrassment of asking others to lend him money to pay for everyday essentials and he lived in fear he'd be made homeless as he was unable to pay his rent. All of which he has explained impacted his well-being.

I've considered how HSBC actions impacted Mr C. I've no doubt having his current account closed without notice was a shock to him. I can see Mr C spent time contacting HSBC trying to find out what had happened and why the account had been closed. I also accept that Mr C had to go to the trouble to visit a branch which was time consuming and involved some costs. So, I can appreciate this would've been inconvenient and upsetting for him. And it's only right that HSBC recognises this. However, I'm satisfied that £150 is a fair amount of compensation and proportionate to the trouble and upset Mr C was caused in the overall circumstances of this complaint.

I've also kept in mind that Mr C would always have had to spend time sorting things out even if things happened as they should have – in particular, that HSBC would still have closed Mr C's account. I've considered Mr C's further comments about why he thinks he should get more compensation. But these don't change my conclusions.

Mr C also says HSBC took too long to give him his closing balance. He says this caused him a lot of financial problems and stress. From looking at the evidence it seems HSBC was always willing to release the money to Mr C. And explained that it needed to complete administrative processes before it could issue Mr C a cheque for his closing balance. I can see that HSBC sent Mr C a cheque on 24 July 2025.

From looking at the evidence I can see that HSBC clearly explained this to Mr C on more than one occasion. And told him that this process is its standard procedure. HSBC also told Mr C in an email dated 23 July 2025, that if needed to access his salary during the account closure process he could do so by attending a branch with identification and a payslip. I can see that Mr C acknowledged this email. So, I'm satisfied that Mr C understood what he needed to do to gain access to his wages.

Whilst I understand how HSBC's actions impacted Mr C, given everything I've seen I can't say there were any undue delays in HSBC releasing Mr C's closing balance. Mr C's account was blocked on 18 July 2025, and HSBC sent Mr C a cheque for his closing balance on 24 July 2025. So, I've looked at what HSBC were doing during this time. Having done so, I'm satisfied that HSBC were proactive in completing its review, which included having to complete administrative processes in order to comply with its legal and regulatory obligations. So, I can't say there were any undue delays.

I note too that HSBC responded positively to Mr C's circumstances and let him know he could access his wages by going into a branch. So, I can't conclude HSBC treated Mr C unfairly in taking the time it did to complete its review and release Mr C's funds back to him.

In summary, I recognise how strongly Mr C feels about what's happened. I don't doubt it has been a frustrating and worrying time. So, I realise Mr C will be disappointed by my decision. But overall, based on the evidence I've seen, I won't be asking HSBC to do anything more to resolve Mr C's complaint. Considering the impact HSBC's errors had on Mr C, along with the guidelines for compensation which I must be consistent with, I find that their offer of £150 compensation is fair to put things right. I find no fair or reasonable basis on which to award anything more.

My final decision

For the reasons I've explained, I find HSBC UK Bank Plc has already made an offer to pay £150 to settle the complaint and I think this offer is fair in all the circumstances.

So, my decision is that HSBC UK Bank Plc should pay Mr C £150.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 8 December 2025.

Sharon Kerrison
Ombudsman