

The complaint

A company that I will refer to as L, complains that HSBC UK Bank Plc blocked its account which led to an order being cancelled and financial loss.

Mr W, a director of, brings the complaint on behalf of L.

What happened

The facts of the complaint are well known to both parties, so I will only provide a summary of the key points.

L has a foreign currency account with HSBC.

On 11 June 2024, L received an order from a customer I will refer to as FA.

On 20 June 2024, FA paid just over \$107,000 into L's account. Mr W has explained that the funds were to be used to buy parts needed to fulfil FA's order from its supplier which I will refer to as T. Mr W has said L expected to make a profit of \$27,000 from the order.

On 21 June 2024, FA sent L an email chasing an update on its order. FA asked L to provide it with details on delivery and weights of the goods it had ordered. L didn't provide the information. After a bit of back-and-forth FA believed they had fallen victim to fraud and asked their bank to recall the payment it had made to L. Following this HSBC blocked L's account.

FA continued to contact L expressing their unhappiness that L hadn't confirmed pick up and load details after it had received their payment.

On 24 June 2024, FA chased L about their order and told L it needed information to give to its freight courier. And asked L to confirm it had made a payment to T, its US based suppliers.

On 24 June 2024 HSBC asked Mr W to provide information about the payment it had received from FA to show it was entitled to the funds. Mr W visited a branch on 25 June 2024 and gave HSBC paperwork related to the order

On 25 June 2024, Mr W visited a branch and provided the paperwork relating to the order to show L was entitled to the funds it had received from FA.

On 25 June 2024, L told FA that HSBC had blocked their account and that they were trying to sort out the payment. FA asked to speak to a manager and said it was concerned that it hadn't been provided with any updates. And L hadn't taken its calls for days.

On 26 June 2024, due to lack of updates and information being provided by L, FA decided to cancel its order with L. FA said that it would use a different supplier and was concerned it had been the victim of fraud. FA also asked L for a refund.

Mr W contacted HSBC to find out when the block would be removed from L's account. On 27 June 2024, HSBC told Mr W that it would remove the block on L's account within 24 hours. However, HSBC didn't remove the block until 28 June 2024, and when it did it only removed the block on L's GBP account and mistakenly left L's USD account blocked. HSBC didn't remove the block from the USD account until 2 July 2024.

Mr W complained to HSBC. He said FA cancelled their order due to L not being able to access funds to pay T for the parts needed to complete FA's order. Mr W said as a result L lost out on a profit of nearly £30,000. Mr W said HSBC failed to let him know it had blocked L's account and overall, the communication from HSBC was poor. So, he wants HSBC to compensate L for its financial loss and inconvenience caused.

In response, HSBC said it reviewed the messages between FA and L. Based on these it said FA had cancelled their order because L hadn't provided a collection address and information about shipping. So, it said it wasn't responsible for any losses L suffered. HSBC accepted it had made mistakes when it didn't unblock L's USD account. And accepted it had given Mr W misleading information about when the blocks were going to be removed. HSBC apologised for any inconvenience this had caused and offered L £850 compensation.

Mr W disagreed. He said FA cancelled their order because:

- L was unable to pay for parts to be supplied because of the block on L's account.
- HSBC didn't notify L it had placed a block on its account until 24 June 2024.
- HSBC didn't remove the block from L's USD account and only unblocked L's sterling account.
- L could not have provided a collection address for the parts until L had been able to pay T for them, which it was unable to do because of the block on L's account.
- To put things right Mr W wants HSBC to pay L \$31,000.

One of our investigators looked into L's complaint and thought the £850 offer was fair. Mr W didn't. He maintains that L lost FA's order due to the block on L's USD account.

Mr W asked for an ombudsman to review his complaint, so the matter has been passed 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 will clarify first that we are an independent dispute resolution service. That means that we do not work for either side. We are here to propose a resolution to the complaint which we find to be fair. We're not consumer champions, and we're not here to resolve the complaint solely to the satisfaction of the complaining party. We look at things impartially. Naturally, that will sometimes mean that we find more in favour of one side, and naturally that means that the other side may not get what they want. Sometimes, the complaining party is in the wrong and won't get what they want. That is part and parcel of using an independent dispute resolution service.

Turning to the case at hand, HSBC accept that they made an error and should have removed the block from L's USD and GBP accounts. HSBC also accepts it gave Mr W

misleading information when it told him it would remove the block from L's accounts within 24 hours.

HSBC has said that after reviewing everything, including the information Mr W provided about L's entitlement to the funds it received from FA, that it was happy with how L was using its account. And that there weren't any concerns regarding fraud. Having looked at all the evidence and circumstances of this complaint, I'm in agreement.

However, although I agree HSBC made mistakes not unblocking L's USD account and the information it gave Mr W, I don't think they treated L unfairly when they decided to review and block L's account.

Banks and financial business in the UK, are strictly regulated and must take certain actions in order to meet their legal and regulatory obligations. They can broadly be summarised as a responsibility to protect persons from financial harm, and to prevent and detect financial crime. That sometimes means HSBC need to review, or in some cases go as far as blocking and closing customers' accounts.

HSBC had been contacted by another bank who told them, L had received fraudulent funds into its account. Based on this I'm satisfied that HSBC's decision to block L's account was therefore legitimate and in line with its legal and regulatory obligations. Doing so enabled HSBC to consider how best to react to the information it had received from the sending bank about the money that had been paid into L's account. So, I'm satisfied HSBC acted fairly by blocking L's account.

The terms and conditions of L's account also make provision for HSBC to review and suspend an account. And having looked at all the evidence, including the information HSBC has provided to this service in confidence, 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 L 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.

Whilst I don't think HSBC did anything wrong when it reviewed L's account, I do think they got things wrong when they didn't unblock L's USD account and incorrectly told Mr W it had removed the block. HSBC has acknowledged their errors and offered L £850 compensation. Mr W says this isn't enough. He says HSBC's errors caused FA to cancel its order because it couldn't use the money in its USD account to buy the parts it needed to fulfil its order. So, Mr W says HSBC should compensate L for the financial loss of losing the order – \$31,000.

I do understand that L was caused quite a bit inconvenience. It's clear from what Mr W has said that he was under a lot of pressure to fulfil FA's order – it was time critical, involved overseas suppliers and was high value. But I've also kept in mind that banks are staffed by people, and people sometimes make mistakes. Of course, banks should take reasonable steps to avoid making mistakes, but it's unrealistic to expect mistakes will never be made.

Having read Mr W's submissions, I don't doubt the errors made by HSBC caused L inconvenience. So, I'm satisfied that compensation is appropriate for this.

I have carefully considered all of Mr W's submissions about how HSBC actions impacted L, including the fact that Mr W says HSBC's actions led to L losing FA's order. As I've said above I don't think HSBC did anything wrong when it blocked L's account. Fraud is a serious matter, and HSBC must comply with its legal and regulatory obligations to ensure its accounts aren't being used for criminal purposes. It seems Mr W accepts this position.

I've looked at the messages between FA and L and having done so I am satisfied that FA had serious concerns about the order it had placed with L as early as 20 June 2024. I don't think this was unreasonable. I say this because I can see that between 20 and 26 June FA repeatedly asked L to provide details of when it could expect to receive the goods it had ordered, details of the shipment and highlighted it was very unhappy with not having calls returned. In fact, FA were so concerned that it raised a fraud report with its own bank on 21 June 2024. I haven't seen any evidence up to this point that showed L did very much to allay FA's concerns. I wasn't until after the fraud report had been raised that L told FA about its account being blocked. So, I can't conclude that HSBC's mistakes led to L losing FA's order. And I won't be directing HSBC to compensate L for any losses that it suffered because of FA taking its business elsewhere. In reaching this conclusion I've also kept in mind that FA had cancelled its order before HSBC were satisfied it could remove the block from L's account.

HSBC has offered L a total of £850 compensation to acknowledge their error and to put right the impact it caused. That seems fair to put things right here.

I know Mr W is seeking more compensation. But when a business makes a mistake, we often tell them to pay compensation, to acknowledge their error and the impact it had. In terms of the amounts, it's worth keeping in mind that we're an informal dispute resolution service. We're not the regulator, and we're not here to issue fines or to punish businesses. Further, I'm only awarding compensation for HSBC's mistake in not unblocking L's USD's account as soon as it should have and for giving Mr W's wrong information – as above, I've found the review of L's account to be fair.

In summary, I can see that HSBC's errors caused L inconvenience. So, considering the impact HSBC's errors had on L, along with the guidelines for compensation which I must be consistent with, I find that their offer of £850 compensation is fair to put that right. I find no fair or reasonable basis on which to award anything more.

Given how strongly Mr W feels about what happened he may want to pursue the matter further through other routes. But my decision brings to an end what we – in trying to resolve his dispute with HSBC informally – can do for L. I'm sorry if this disappoints Mr W.

My final decision

For the reasons I've explained, I find HSBC UK Bank Plc has already made an offer to pay £850 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 L £850.

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

Sharon Kerrison
Ombudsman