

The complaint

Mr R has complained about the actions of HSBC UK Bank Plc when it made an account that he held with it dormant.

What happened

Mr R held a current account with HSBC. Mr R last used the account more than 15 years ago.

In June 2024 HSBC issued Mr R with a dormancy letter, explaining the inactivity on the account would lead to dormancy. The letter told Mr R that if he wanted to keep his account open he needed to make a transaction on the account within 90 days.

In response to the letter on 4 July 2024, Mr R telephoned HSBC. He explained that he wanted to keep his account open. HSBC told Mr R that he needed to make a transaction on the account with 90 days, and that if he didn't it would go back to the previous state which was a "block."

Mr R didn't make a payment and on 9 September 2024, HSBC closed Mr R's account. At the time the balance of the account was just over £100.

On 27 September 2024, Mr R contacted HSBC. He explained that he had intended to use his closed account to receive his pension payments. He said this was due to be paid in December 2024, but it maybe a couple of months later. And he was upset that HSBC had closed his account. He asked HSBC to reopen his account and said he didn't want to go through a time-consuming process to open a new account. HSBC said it wasn't willing to reopen the account.

As Mr R wasn't planning on using the account differently, the account remained closed, and Mr R asked for the funds to be transferred. Mr R complained about the service received from HSBC. Mr R said the dormancy of his account wasn't clearly communicated to him. Mr R feels he wasn't given any other option and the process used by HSBC was unfair.

HSBC reviewed Mr R's concerns. It explained that Mr R's account had been closed in line with the terms of the account. Overall HSBC said it hadn't made any errors and the correct process had been followed for Mr R's account. Mr R remained unhappy and referred his complaint to our service. He said HSBC had closed his account earlier than it said it would – which wasn't 90 days after 4 July 2024 - so it should reopen his account.

An Investigator reviewed the complaint and found that HSBC had acted reasonably in the circumstances. In summary, they found: -

- There is clear evidence that the account was not used for a period of around fifteen years.
- HSBC could have communicated more clearly to Mr R and explained the status of the account – that it would be closed and not resuspended.

- The account would only be reactivated if Mr R used his account and as Mr R didn't use the account for long period of time, HSBC's decision not to reactivate it was fair.
- It was unlikely Mr R would have transacted on his account within the timeframe given he intended to use the account to have his pension paid in, which wasn't due to December 2024 at the earliest.

Mr R disagreed. He said he had intended to make a payment into the account within the 90 days. So, the complaint has been passed to an ombudsman for a final decision.

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.

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Having done so, while I appreciate Mr R's strength of feeling about his complaint, I'm satisfied HSBC has acted reasonably. I'll explain why.

It is common for banks such as HSBC to have their own dormancy process. In general, there is no set time a bank or building society must use to determine that an account is dormant – there is only industry guidance and good practice. I have considered good industry practice which includes guidance for banks dealing with dormant accounts. This encourages banks to follow ten core pledges, which aims to ensure customers are provided with sufficient notice and they are treated fairly.

In Mr R's case, HSBC has provided this service with information regarding its process for dormant accounts. It explains that an account will be considered dormant after 24 months if there are no customer-initiated transactions. HSBC say that the next time there is a transaction on the account, a letter is sent to the customer advising that the account is dormant and needs to be reactivated.

I've considered what HSBC has said in light of Mr R's account. I think it's important to highlight Mr R held a current account, which is typically used for general day to day spending. There is an expectation there would be multiple transactions, unlike a savings account. In Mr R's case there was no activity on the account for 15 years. I consider this to be a significant period of time, and it would've been reasonable for this inactivity to result in the dormancy or deactivation of the account.

HSBC contacted Mr R about the account being dormant in June 2024 and asked him to contact them if he wanted to keep his account open. Mr R contacted HSBC on 4 July 2024. I've listened to the call recording of this conversation. During the call HSBC told Mr R that if he didn't make a transaction on the account within 90 days his account would go back to being blocked. Mr R didn't make a transaction. And so, on 9 September 2024 HSBC closed Mr R's account.

Having listened to the call I agree with the investigator that I think HSBC should have made things clearer to Mr R about what would happen if he didn't use his account. It should have spelt out to Mr R that his account would be closed and not revert to being suspended. I think it would have also been helpful for HSBC to tell Mr R when the 90 days timeframe started. I can understand why Mr R believed the 90-day clock reset from the date he contacted HSBC on 4 July 2024. So, I can understand why Mr R was surprised to find out

HSBC had closed his account On 9 September 2024. And feels that HSBC have treated him unfairly here.

However, whilst I do think HSBC should have been clearer in how it communicated with Mr R, I'm not persuaded that Mr R would have done what he needed to do to keep his account open – which was to transact on his account. I say this because I have listened to a conversation Mr R had with HSBC on 27 September 2024. During this call Mr R told HSBC that he wanted to use the account to receive his pension payments – these weren't due at the earliest until December 2024, which is outside the 90 days' time frame – even if it reset on 4 July 2024. At no point during this call did Mr R make any reference of his intention to pay any other funds into the account. So, I think it's unlikely Mr R would have transacted on the account within the agreed timeframe.

Mr R feels the closure of his account was unfair. It's generally, for banks to decide whether 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 customer account open. As long as they reach their decisions about that in a legitimate manner, this service won't usually intervene. HSBC has explained it would've kept the account open if it were to function like a standard current account. However, as there wasn't anything to suggest Mr R would be using the account any differently, it explained the account would close and it would transfer the balance to a nominated account.

Given the circumstances I consider this to be a fair approach. Looking at the available evidence, I am satisfied HSBC has adhered to its own dormancy process and this process is in keeping with good industry practice. I'm sorry to disappoint Mr R but based on the evidence available I don't think HSBC has treated Mr R unfairly. And I won't be asking HSBC to do anything more to resolve Mr R's complaint.

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 Mr R to accept or reject my decision before 20 January 2026.

Sharon Kerrison
Ombudsman