DRN-6012195

The complaint

Mrs F complains HSBC Bank UK Plc unfairly closed her accounts and delayed returning her funds.

What happened

Mrs F held a current account, savings account and ISA account with HSBC. Following a review of Mrs F's holdings, HSBC wrote to her on 15 July 2024 explaining that it was closing all her accounts due to sanctions risks. Mrs F was provided with two months to make alternative arrangements. The accounts were blocked during this time.

Mrs F contacted HSBC multiple times to arrange the release of her funds and query the handling of her accounts and the decision made. Mrs F's funds weren't released to her until 31 October 2024. Mrs F raised a formal complaint regarding her treatment.

In its final response letter dated 4 November 2024, HSBC acknowledge its service failings. Mrs F was asked to attend branch with ID, but the initial branch she attended was closed. HSBC acknowledged the inconvenience caused by this, and that her funds could've been released by 23 September 2024, but were only released to her on 31 October 2024. In order to recognise the delay and poor service Mrs F received, HSBC offered Mrs F £250 in compensation, and it agreed to pay her interest on the funds until the date they were released.

Mrs F remained unhappy and referred a complaint to this service. Within the complaint Mrs F highlighted her concerns with how the closure was conducted, and the delays she experienced.

An Investigator gathered the relevant information and in summary, made the following findings:

- The account was blocked and reviewed in line with the account terms and conditions.
- HSBC isn't under a duty to provide Mrs F with specific reasons for its decision.
- Mrs F's connection to a sanctioned entity was a risk for HSBC in light of its sanctions policy, and regulatory duties.
- The offer made by HSBC to recognise the delays caused is fair in the circumstances.
- Mrs F feels she has been discriminated against, but our service can't say whether there has been a breach of the Equality Act 2010. The evidence suggests HSBC acted fairly.

Mrs F disagreed with the review, explaining she had been a loyal customer of HSBC for 20 years. Mrs F says the closures violates the principles of fairness and transparency and has caused significant distress and inconvenience. Mrs F also explained HSBC's actions were discriminatory and taken because of Mrs F's Iranian heritage. To put things right Mrs F asks for her accounts to be reinstate, a detailed explanation of the decision-making process and additional compensation.

As no agreement could be reached the complaint was passed to me – 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.

Firstly, I am sorry to see Mrs F has had cause for complaint and the impact the account closure has had on her. I appreciate Mrs F was disappointed by the Investigator's opinion. I'd like to reassure Mrs F that I've considered the whole file and what's she's said. But I'll concentrate my comments on what I think is relevant. If I don't mention any specific point, it's not because I failed to take it on board and think about it, but because I don't think I need to comment on it to reach what I think is a fair and reasonable outcome. No discourtesy is intended by me in taking this approach. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

I must also highlight that my review focuses on HSBC's handling of the closure of her accounts and the return of her funds. Having looked at the complaint fully, my review of the evidence has led me to the same overall conclusions as the Investigator previously set out and for much the same reasons. I will explain why.

HSBC is 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. They're also required to carry out ongoing monitoring of new and existing relationships. In Mrs F's case global sanctions guidance and laws are also pertinent.

In Mrs F's case HSBC carried out a review, in line with the account terms and these responsibilities. This review led to its ultimate decision to close Mrs F's accounts. Based on the evidence I've seen, I am satisfied HSBC acted fairly in reviewing and then closing Mrs F's accounts.

I say this as HSBC has explained and given me information to show the process it went through when reviewing the accounts and the factors it considered before making the decision to close the accounts. Having carefully considered this, I'm satisfied HSBC took these actions in line with the obligations it must adhere to, and it wasn't a decision that was taken lightly. In addition, HSBC is entitled to close an account just as a customer may close an account with it. But before HSBC closes an account, it must do so in a way, which complies with the terms and conditions of the account.

The terms and conditions of Mrs F's accounts set out that the bank can close the accounts by providing 60 days' notice. HSBC says it provided Mrs F with the full notice period as it wrote to her in July 2024 to explain it would be closing her accounts at the end of September 2024. However, the accounts were blocked during this time, so I consider this to be akin to an immediate closure. Looking at the evidence provided by HSBC, I am satisfied it met the requirements set out in the account terms for immediate closure.

I know Mrs F feels HSBC has acted unfairly given the lack of information provided to her about the closure. Ultimately Mrs F would like a detailed explanation as to why HSBC took these actions. But HSBC isn't under any obligation to provide this. Further the fact Mrs F is a long-standing customer isn't a factor HSBC can be reasonably expected to take into consideration when deciding to close an account. It's regulatory duties and terms of the account are the overriding considerations. HSBC has informed Mrs F that its sanctions policy forms the basis of its actions, and I consider this to be an adequate explanation.

I would add too that our rules allow us to receive evidence in confidence. We may treat evidence from regulated businesses' as confidential for a number of reasons – for example, if it contains security information, or commercially sensitive information. Some of the information HSBC has provided is information we consider should be kept confidential. Having carefully considered this information, I'm satisfied HSBC acted appropriately and in keeping with its regulatory duties.

Mrs F says HSBC's decision to close her accounts caused her significant distress and inconvenience. I do appreciate this matter would've caused Mrs F difficulty, as she appears to have used the account regularly. The decision to close a bank account immediately can't be taken lightly given the impact it can have on a customer. Based on the information I've seen from HSBC I think its decision to close the account in this was reasonable.

HSBC accepts there were service failings in Mrs F's case – the service it provided fell below reasonable standards and there were delays. I can see Mrs F asked for funds to be transfer funds wasn't actioned. HSBC offered to pay the interest that would've been applied to the accounts for the period of this delay and HSBC also offered £250 for the inconvenience caused. Mrs F doesn't think these amounts adequately reflect the impact HSBC's actions had on her.

Reaching an award for distress and inconvenience is seldom straightforward. The issues involved are subjective by their very nature and the impact on the consumer can be difficult to determine. Our awards are not intended to be punitive for businesses. The primary purpose of our awards for distress and inconvenience is to recognise the impact on a consumer where there have been shortcomings. In Mrs F's case I've considered the timeline of events, and communication received by Mrs F, and I'm satisfied the £250 compensation award recognises the stress and inconvenience caused to Mrs F.

Mrs F says HSBC have discriminated against Mrs F and the closure is due to her Iranian heritage. While I can appreciate this Mrs F's perspective, it is not my role to decide whether discrimination has taken place – only the courts have the power to decide this. I have, however, considered the relevant law in relation to what Mrs F has said when deciding what I think is the fair and reasonable outcome. Part of this has meant considering the provisions of The Equality Act 2010 (The Act). And after looking at all the evidence, I've not seen anything to suggest that HSBC treated Mrs F, unfairly.

While I appreciate how HSBC restricting the account made Mrs F feel, I have to consider if other customers in similar situations would have been treated the same way. Having looked at all the evidence, I haven't seen anything to show that HSBC would have treated another customer with similar circumstances any differently than Mrs F. Based on the information I've seen HSBC has based its decision on legal and regulatory factors. So, I can't say HSBC treated Mrs F unfairly because of her Iranian background.

I can see in response to the Investigator's review Mrs F has referred to UK caselaw, legislation and regulatory guidance to support her position. I've thought about these submissions, and I must highlight that when reviewing complaints this service considers a wide range of sources – this includes the law, regulatory guidance and good industry practice. I can assure Mrs F that our approach to cases of this nature factors in these various sources and issues. Taking all of this into consideration I am satisfied HSBC has acted appropriately in the specific circumstances of Mrs F's case.

I know this will not be the outcome Mrs F was hoping for, and I know she will be disappointed with the decision I've reached. I hope it provides some clarity around why I won't be asking HSBC to take any further action to compensate Mrs F.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs F to accept or reject my decision before 13 February 2026.

Chandni Green
Ombudsman