

The complaint

A limited company, which I'll refer to as M, complains that HSBC UK Bank Plc has acted unreasonably and provided poor customer service during a Know Your Customer ("KYC") review.

M is represented in bringing this complaint by its director, Mr H.

What happened

Mr H told us:

- In early 2025, HSBC began a KYC review, which they call Safeguard. The bank asked him to complete and return a form, which he did.
- The bank then repeated their request and he filled in the form again.
- The bank then gave notice to close M's account unless he booked a telephone review.
- He phoned to arrange an appointment. There were various terminated and unreturned calls, including one where HSBC refused to arrange an appointment because there was no account mandate.
- A call eventually took place in August 2025, at which he understood the Safeguard review to be satisfactorily completed.
- The bank then sent another letter three days later, asking for the same form to be completed for a third time.
- The bank also sent him a mandate to complete. He did so and they then rejected it.

Mr H complained. HSBC said they hadn't made an error. They said that during the August 2025 call, Mr H told them that the ownership of M had changed, so they had to start a new review.

Mr H denied having said M's ownership had changed and asked the Financial Ombudsman to look into the matter. After we were involved, the bank offered compensation of £150 as they said they were unable to establish whether the position with the review had been appropriately explained on the call.

One of our investigators concluded that the £150 offer was fair to put things right.

Mr H disagreed and asked for an ombudsman's decision. He said £150 was insufficient to cover the costs M had incurred due to the bank's errors.

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.

Having done so, I'm sorry to disappoint Mr H, but I've reached the same conclusion as our investigator. On balance, I think the offer of £150 is enough to put things right. I'll explain why below.

Banks in the UK are strictly regulated and must take certain actions in order to meet their legal and regulatory obligations. These include KYC reviews. But I can see that Mr H does not dispute the need for such a review, rather the way it was carried out.

M is entitled not to use email, but I'm afraid I do think that Mr H has to be prepared to expect some inconvenience from this decision. Banks are obliged to operate KYC reviews to tight deadlines, which don't always sit well with sending and receiving documents by post. I agree with our investigator that some of the problems were therefore caused by postal delays and overlaps – so the bank had chased for something that was actually on its way. I don't think this was the bank's fault.

However, I do think it's reasonable to expect banks to have systems for receiving postal mail and ensuring it gets to the right place. Whilst things can go astray, I don't think it's likely that all three copies of the form Mr H filled in never arrived at the bank.

It seems to me that HSBC's service was very poor in the matter of the August phone call. This call was not recorded, but each party came away with a very different impression of what had been agreed. HSBC is adamant that Mr H informed their representative that there was a change of ownership at M, which triggered them to start their Safeguard review from the beginning again. Mr H says he never said that – and, given that Companies House records show no change – and a change was likely to cause him further inconvenience - I think it highly unlikely that he would have said such a thing. Nonetheless, somehow a misunderstanding occurred. This was then compounded by further confusion, since Mr H came away believing he had been told that the Safeguard process was now complete, whereas HSBC believed they explained it needed to start it up again.

In the circumstances, I think I can only fairly conclude that HSBC did not manage this call well and that some compensation is appropriate.

Mr H disputes that the bank ever tried to call him, other than on occasion to return calls, but the bank's records show they attempted calls three times in May, on one occasion leaving a voicemail and on another getting through to Mr H, who was not in a position to speak at that time. I consider it likely that these records are accurate, as I see no reason why the bank would fabricate them. I also think Mr H's handwritten records of his various attempted calls in July are more likely than not to be accurate. So I think there were some failed attempts to communicate on both sides.

HSBC has now confirmed to me that this Safeguard review has been concluded, so should not take up any more of Mr H's time. However, the bank would still like a mandate – without any handwritten annotations – so that they have a signature on record. I don't think this is unreasonable and I don't agree that it constitutes harassment.

Putting things right

I appreciate this has been a frustrating process for Mr H personally and that it has taken up quite a lot of his time. But our investigator was right to say that we simply do not have the legal power to make an award to Mr H, as he isn't the eligible complainant here, M is. As a limited company, M cannot itself have suffered distress – corporate bodies cannot have emotions.

Mr H has told us that there have been some costs to M and I don't doubt this. I do, however, think some of these would have been incurred even if everything had gone smoothly – for example some postage costs. Mr H has also told us that M wasn't actively trading so the KYC review therefore can't have taken time away from M's other activity. Taking all these factors into account, I have concluded that £150 is fair compensation in this case.

My final decision

For the reasons set out above, I uphold this complaint and direct HSBC UK Bank Plc to pay M the £150 compensation already offered.

Under the rules of the Financial Ombudsman Service, I'm required to ask M to accept or reject my decision before 12 May 2026.

Louise Bardell
Ombudsman