

## The complaint

M U complains that HSBC UK Bank Plc closed his account without providing a proper explanation and withheld money in his account.

## What happened

Mr U had an account with HSBC which he opened in April 2025. Mr U has explained that he used his account for everyday living expenses and to receive his wages.

In September 2025, a payment of £5,000 was paid into M U's current account from an individual I will refer to as N.

Following this, HSBC decided to review M U's account to comply with its legal and regulatory obligations. HSBC blocked M U's account whilst it completed the review. HSBC asked Mr U to provide information about his entitlement to the £5,000.

Mr U told HSBC that he was expecting the £5,000 to be paid into his account and the money was to pay for his tuition fees. Mr U explained that funds had originated from a P2P cryptocurrency transaction he'd made using an online trading platform I will refer to as B. And he didn't know the person's name who had sent him the money. Mr U said his dad had given him money which he used to fund the trade. To support his explanation Mr U sent HSBC copies of his dad's bank statement, an invoice from B relating to the P2P trade, his tenancy agreement, payslips and paperwork confirming he was studying at university..

HSBC reviewed what M U provided and what he had said about how he was using his account. On 4 October 2024, HSBC wrote to M U to let him know that following its review it had decided to close his account immediately. HSBC also said it wasn't satisfied that M U had provided enough information to show he was entitled to the money paid into his account in September 2025. So, it said it wasn't willing to release the funds to him.

M U complained to HSBC. He said HSBC treated him unfairly by closing his account without notice and withholding the £5,000. Mr U said the money in his account belonged to him.

In response, HSBC said that it had reviewed and closed Mr U's account to comply with its legal and regulatory obligations. And that it was happy to review any further information Mr U could supply to show he was entitled to the money he'd received from N.

Mr U remained unhappy and asked us to investigate his complaint. He said the closure of his account and lack of access to his funds caused him a lot of problems. He wants HSBC to provide a proper explanation about why it closed his account. And held onto his money. To put things right he wants HSBC to release the money N paid into his account.

One of our investigator's asked Mr U for more information about the money. In response Mr U sent in a video from his trading account. The video showed that the buyer of the cryptocurrency had a different name to N, and told Mr U that a friend would be paying him £5,000, an arrangement which Mr U was happy to accept.

After looking at everything the investigator said that HSBC hadn't treated M U fairly when it had blocked and closed his account. The investigator also said that HSBC hadn't done anything wrong in not allowing Mr U access to the money he'd received from N.

M U disagreed. He said he is out of pocket and needs the money.

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. It's then for me to decide whether it's fair to rely on evidence that only one party has seen. It's not a one-sided rule; either party to a complaint can submit evidence in confidence if they wish to, and we'll then decide if it's fair to rely on it. Here, the information is sensitive and on balance I don't believe it should be disclosed. But it's also clearly material to the issue of whether HSBC has treated Mr U fairly. So, I'm persuaded I should take it into account when deciding the outcome of the complaint.

I'm very aware that I've summarised the events in this complaint in far less detail than the parties and I've done so using my own words. No discourtesy is intended by me in taking this approach. Instead, I've focused on what I think are the key issues here. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts. If there's something I've not mentioned, it isn't because I've ignored it. I'm satisfied I don't need to comment on every individual argument to be able to reach what I think is the right outcome. But I have read all Mr U's submissions.

I want to make it clear that I understand why what happened concerned Mr U. I've no doubt it would've come as quite a shock to him, and he would've been very worried to find out that his account had been blocked. But 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. Sometimes, that means HSBC has to block accounts, ask a customer for information and go so far as closing an account, to comply with their obligations.

I've considered the basis for HSBC's review and having done so I find this was legitimate and in line with its legal and regulatory obligations. So, I'm satisfied HSBC acted fairly by blocking Mr U's account. I appreciate that Mr U wants to know more about why HSBC did what it did. But HSBC isn't obliged to tell Mr U why it blocked and 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.

The terms and conditions of Mr U's account also make provision for HSBC to review and suspend an account. And having looked at all the evidence, I'm satisfied that HSBC have acted in line with these when it suspended Mr U's account. So, although I understand not having access to his account caused Mr U trouble and upset it wouldn't be appropriate for me to award Mr U compensation since I don't believe HSBC acted inappropriately in taking the actions that it did when it blocked Mr U's account and asked him for information about his entitlement to the money Mr S had received from N.

The crux of Mr U's complaint is he wants HSBC to release the £5,000 that was paid into his account. HSBC has told Mr U what it needs him to provide – evidence that he is entitled to the funds. Mr U says he received the payment for a legitimate cryptocurrency P2P sale which he made using B.

I've thought about what Mr U has said about why he was expecting to receive the payment. And I've looked at all the evidence he's provided, which includes the screenshots he's sent. However, based on the evidence and information before me, including the records Mr U sent, I'm satisfied HSBC acted reasonably by not releasing the funds to Mr U. I say this because:

- The trading platform records Mr U provided show the real name of the buyer of the cryptocurrency, but their name is very different to the name Mr U received the money from.
- Mr U needed to check the payments before releasing his cryptocurrency to the buyer, but he doesn't look to have questioned why the payment was made by someone else, which is something I would reasonably expect him to have done. Receiving third party payments is also not allowed when using B's platform.
- Mr U hasn't provided any evidence that he dealt with N directly at all, which casts more concern about the nature of Mr U's cryptocurrency activity and his entitlement to the funds.

I appreciate Mr U says he acted in good faith, and I acknowledge this could well be the case. But I have found HSBC bank had sufficient concerns based on, the payer mismatches and Mr U's explanation about the money he received from N. It follows that I don't think HSBC has treated Mr U unfairly when it decided not to release the £5,000 that was paid into Mr U's account back to him. I'm not persuaded that Mr U has provided sufficient evidence to show that he is entitled to the money that was paid into his account. So, I won't be directing HSBC to release the funds. I find HSBC had sufficient grounds not to allow Mr U access to the funds. I also find their decision was in line with their legal and regulatory obligations. HSBC has told Mr U that it would review any further information he wants to provide. So, it's now up to Mr U to do so.

The result of the review was that HSBC decided they didn't want to provide financial facilities to Mr U anymore. HSBC wrote to Mr U in October 2024 that it had decided to close his account immediately.

It's generally for banks and financial businesses to decide whether or not they want to provide, or to continue to provide, account facilities to any particular customer. Unless there's a very good reason to do so, this service won't usually say that a bank or financial business must keep customer or require it to compensate a customer who has had their account closed.

As long as banks and financial businesses reach their decisions fairly, it doesn't breach law or regulations and is in keeping with the terms and conditions of the account, then this service won't usually intervene. They shouldn't decline to continue to provide account services without proper reason, for instance of unfair bias or unlawful discrimination. And they must treat new and existing customers fairly.

HSBC have relied on the terms and conditions when closing Mr U's account. I've reviewed the terms, and they explain that HSBC can close an account for any reason by giving 60 days' notice. In certain circumstances, HSBC can also close the accounts without notice, which is what happened here.

For HSBC to act fairly here they needed to meet the criteria to apply their terms for immediate closure – and having looked at these terms and all the evidence that the bank has provided, including the information HSBC has provided to this service in confidence, I'm satisfied that HSBC did. I've seen nothing to suggest HSBC's decision around closing Mr U's account was unfair. On balance when considering HSBC's wider regulatory responsibilities and all the information available to me, I find HSBC had a legitimate basis for closing Mr U's accounts immediately. So, it would not be appropriate for me to ask HSBC to pay Mr U compensation since I don't find HSBC acted inappropriately when it closed the account.

In summary, I recognise how strongly Mr U feels about his complaint, so I realise he will be disappointed by my decision. But overall, based on the evidence I've seen and circumstances of this case, I can't say HSBC have acted unreasonably or treated Mr U unfairly in taking the actions it did. So, I won't be telling HSBC to do anything to resolve Mr U'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 U to accept or reject my decision before 17 March 2026.

Sharon Kerrison  
**Ombudsman**