

The complaint

P, a limited company complains that HSBC UK Bank Plc, blocked its account without providing a proper explanation. P also complains about the amount of time HSBC took to release money held in the account, causing P financial loss and inconvenience.

P's complaint has been brought to our service by its director, Mr O.

What happened

The detailed background of this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

P had a business account with HSBC. P has explained that part of its business includes exporting cars and motorhomes overseas.

In February 2025, £5,000 was paid into P's account from an individual I will refer to as C with the reference 'caravan'. Following this, in September 2025, HSBC decided to review P's account to comply with its legal and regulatory obligations and asked Mr O to explain why P received the £5,000 from C. HSBC blocked the account whilst it completed the review. At the time the balance of P's account was around £90,000.

In response, Mr O told HSBC that P had provided consultancy services to a client for the sourcing, logistics and customs clearance of second-hand cars, and caravans from the UK to Cyprus. Mr O provided two invoices for the total of £7,250 and explained that when the client had failed to pay, he'd obtained assurances from the introducers that the client would make payment. The £5,000 that arrived was not recognised but the remitting company's name appeared similar, so the funds were recorded to the client's ledger in good faith.

HSBC reviewed the information Mr O had provided and didn't think it was sufficient. So, it continued to review P's account. Mr O contacted HSBC and explained that the continued block to P's account was having a catastrophic impact on his business – bringing P close to collapse. He said he was happy to provide any further information HSBC needed and that the blocking of all the money in P's account was a disproportionate measure to take – given it appeared that the only issue appeared to be with the £5,000 payment.

HSBC wouldn't give Mr O much information and told him that it would provide further updates when available. When Mr O didn't receive any updates he sent several chaser emails to HSBC, asking what was happening. In response, HSBC told Mr O that it was still completing its review.

Mr O complained to HSBC. He said HSBC treated P unfairly by blocking P's account for months. He said P had lost contracts, couldn't pay its rent, suppliers, and utilities. Mr O also said that he hadn't been able to pay his mortgage or his child's nursery fees so the block on P's account had taken a personal toll on him. Mr O also said that HSBC hadn't provided a proper explanation about why it had blocked P's account and had no legal justification for doing so.

In response, HSBC said that it had reviewed and blocked P's account to comply with its legal and regulatory obligations. And wasn't willing to provide a further explanation. HSBC removed the block on P's account and released P's account balance on 25 March 2026.

Mr O remained unhappy and asked us to investigate his complaint. He said the block on P's account and lack of access to funds caused him a lot of problems.

In summary he said:

- Projects P had been working on had been terminated at a cost of around £120,000.
- A partner to whom P owed payment has now initiated legal proceedings through their solicitor. If this remains unresolved, P will incur an additional cost of £1,250 in legal and collection fees.
- All statutory and operational payments, including tax liabilities, PAYE, Dartford Crossing fees, TFL charges, and fuel card payments, are now in arrears.
- The company mobile phone line was suspended: - the company mobile phone used for business purposes has been restricted due to unpaid bills rendering the company completely unreachable.
- The vehicle Mr O used for company operations is also in arrears. Its road tax has lapsed, the Direct Debit was cancelled, and it is no longer legally roadworthy. The insurance policy was also due to be cancelled within days due to non-payment.
- Mr O's salary, which by law cannot be restricted under any circumstances, has not been paid. As a result, he was unable to pay his child's nursery fees, and their enrolment is now at risk of being terminated. Similarly, he was unable to make mortgage payments or cover household utility bills, all of which are now in arrears.

To put things right Mr O said he wants compensation and all the money in P's account returned to him.

After looking at all the information the investigator said that HSBC hadn't treated P unfairly when it had blocked P's account. The investigator said HSBC blocked P's account for a long time. But based on the information HSBC had shared with us in confidence they didn't recommend HSBC should do anything further to resolve P's complaint and were satisfied that HSBC had blocked P's account to comply with its legal and regulatory obligations.

Mr O disagreed. In summary he said:

- He wants HSBC to provide a proper explanation about why it blocked P's account.
- HSBC took too long to complete its review and should not have kept P's account blocked for months without legal justification.

Mr O asked for an ombudsman to review things. So 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 P fairly. So, I'm persuaded I should take it into account when deciding the outcome of the complaint.

Mr O has made a number of quite detailed submissions and also sought answers to his questions about the reasons for HSBC's review of P's account. I've considered all of these, but I don't believe it's necessary to address each and every point that Mr O has made in order to meet my statutory duty to determine his complaint. I'm required to do that with minimum formality, and so I'll address the issues that I consider to be the most important. I do stress however that I've considered everything that Mr O and HSBC have said before reaching my decision.

I should also make it clear that I've seen a great deal of evidence, in particular information in relation to the reasons behind HSBC's review, I have considered all of this along with Mr O's recent comments, documents and the arguments he has raised throughout the life of this complaint. I am not going to rehearse every argument here.

Firstly, I'd like to make clear that this service isn't a regulatory body or Court of law and doesn't operate as such. This means that it isn't within my remit to decide whether HSBC have acted in a non-regulatory way or unlawful way. Our service is an informal alternative to the courts. And I can't make a finding as to whether the law has been broken, and I don't need to in order to decide this complaint.

I believe it's also important to explain that it's not the role of this service to supervise, regulate or impose fines on any business. It's also not our role to ask a business to alter its procedures or enforce changes to policies. That's the role of the regulator, The Financial Conduct Authority. My remit here is to decide whether I think HSBC acted fairly and reasonably when applying those policies and procedures in the individual circumstances of P's complaint.

I want to make it clear that I understand why what happened concerned Mr O. 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 P's 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.

I've considered the basis for HSBC's review, which includes looking at the information HSBC has provided to our service in confidence 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 P's account and asking Mr O to provide information about P's entitlement to the £5,000 paid into its account in February 2025. I appreciate that Mr O wants to know more about why HSBC did what it did. But HSBC isn't obliged to tell Mr O why it blocked and reviewed P's 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 P'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 P's account. So, although I understand not having access to P's account caused P inconvenience it wouldn't be appropriate for me to award P compensation since I don't believe HSBC acted inappropriately in taking the actions that it did when it blocked P's account.

Mr O has said that HSBC took far too long to complete its review. And he wants compensation for the amount of time things took. I've looked at the information HSBC has

provided about what it was doing as part of its review. And I've taken into consideration what Mr O has provided about the money it received from C and looked at the invoices Mr O has provided to support his explanation about why P received the £5,000 payment.

HSBC blocked P's account on 26 September 2025 and released P's funds on 25 March 2026. I recognise the overall time this situation took. And I accept that P's account was blocked for a long time. But I do not consider that it would be right for me to conclude it should not have taken in excess of any particular or specific timeframe. Because the bank was entitled – as a matter of principle – to do what it did.

Whilst I understand how HSBC's actions impacted Mr O and P, given everything I've seen I can't say there were any undue delays in HSBC releasing P's closing balance and in it completing its review. I've looked at what HSBC were doing during the time P's account was blocked. Having done so, I'm satisfied that HSBC were proactive in completing its review, which included having to complete administrative processes to comply with its legal and regulatory obligations.

I should add that HSBC are also able to set their own procedures, including how they wish to conduct their reviews. HSBC has explained that when requesting information this can prompt a further request and clarification, which can lead to some back-and-forth communications with customers and further checks with sending banks. I don't find this unreasonable.

I say this because having looked at the invoices Mr O has produced I am not satisfied that these show P is entitled to the money it received from C. I note Mr O has said that he believed the names on the invoice and sender of the funds were similar so P applied the £5,000 to the clients ledger in good faith. I disagree. The name on the invoice is a business. The sender of the funds was an individual C. I note too that neither invoice references a caravan and Mr O hasn't provided any evidence that a caravan was actually shipped to Cyprus.

I also find it odd that two invoices with different dates were produced for the same transaction – and Mr O appears not to have made any effort to chase the outstanding balance – it seems to me to be a very odd way to conduct business. I've also weighed what Mr O has said about the funds against the information HSBC has provided to us in confidence. Having done so, I can understand why HSBC wanted to carry out further checks and I am satisfied that these were done to comply with their legal and regulatory obligations. So, I can't conclude HSBC have treated P unfairly in taking the time it did to review P's account.

So, I'm not requiring HSBC to compensate P for any losses and Mr O for any inconvenience that he as director of P, may have experienced as a result of the time taken by HSBC carrying out its review, and the further dissatisfaction he experienced which ultimately flowed from not having access to the funds in P's account, including his unhappiness with HSBC's communication and the information it didn't provide him.

In summary, I recognise how strongly Mr O feels about P's complaint, so I realise he will be disappointed by my decision. But overall, based on the evidence I've seen I won't be telling HSBC to do anything more to resolve P's complaint.

Given how strongly Mr O 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 him. I'm sorry if this disappoints Mr O.

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 P to accept or reject my decision before 5 May 2026.

Sharon Kerrison
Ombudsman