

The complaint

B, a limited company, complains HSBC UK Bank plc unreasonably closed their accounts without any explanation. They saw this was the result of the unlawful sharing of information. They'd like the account reopened and compensation.

What happened

B held an account with HSBC. But in May 2025 HSBC placed a block on the account which prevented any transactions from being made. The block was removed in July 2025, but in September 2025 HSBC wrote to B to say they would be closing the account in December 2025.

B complained about the closure, saying HSBC had unlawfully relied on information received from another company about a spent conviction. But HSBC responded to say they were satisfied they'd acted in line with the terms and B no longer fell within their risk appetite.

Dissatisfied with this B referred their complaint to our service. One of our investigators looked into what happened but didn't see HSBC needed to do anything further – she thought HSBC hadn't acted unreasonably. B disagreed, and as such the complaint has now been passed 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.

B has submitted a considerable amount of information about their complaint to our service, and I have read and reviewed all their submissions. But our service is an informal alternative to the court system, set up to resolve complaints quickly and the minimum of formality. Broadly this means I'm not able to make a finding on whether something is lawful or not – this would be a matter reserved for the courts. My role is to decide this complaint by what I consider to be fair and reasonable. This considers things such as relevant legislation, regulations, codes of practice and what I consider to have been good practice at the time.

Like all financial businesses in the UK must meet strict legal and regulatory obligations when providing accounts to their customers. These obligations can broadly be described as an obligation to understand how an account is being used, to better detect and prevent issues such as financial harm and financial crime. This means that on occasion they may need to take a closer look at an account, or how it is being used. And they may find it necessary to restrict the use of the account while they do. There is provision for this within the terms of B's account with HSBC. So, I'm not persuaded HSBC have done anything wrong by initially blocking B's account.

Any review should be completed within a reasonable timeframe – and here the account was blocked longer than I may normally expect a review to take. But I can also see B's account with HSBC was not regularly used either before or after the block – there had only been a

single transaction into the account, and the balance was £25. So, I'm not persuaded this had any material impact on the operations of B.

HSBC later made the decision to end their banking relationship with B. Financial firms have a broad commercial discretion as to who they provide accounts to, and on what terms. It would be rare for our service to say a bank should have continued to service an account when the bank has taken the decision to close it, unless there was very good reason. It's not the role of our service to make commercial decisions for HSBC. Rather we would look to see they have acted reasonably and in line with their agreed terms. The relevant regulations for payment accounts say generally accounts can be closed for any reason, so long as two months' notice is given and provision is made for this in the terms. I'm satisfied the terms allow HSBC to close this, and I've seen more than the required notice was given.

B has said HSBC have not provided an explanation for this closure, beyond that they no longer met their risk appetite. But there's no requirement on HSBC to provide them with a detailed explanation. So, this isn't unreasonable. The rules of our service allow us to treat certain evidence as confidential, for example if it contains information about third parties or is commercially sensitive. Here HSBC have given our service some further information about the decision to close B's accounts. I'm satisfied it's appropriate for this to remain confidential, and so I'm sorry to B I won't be detailing it here or directing HSBC to provide further details.

I'm satisfied HSBC's decision to close B's account was a legitimate commercial decision they were entitled to make. While B has raised concerns about how they came to their decision, nothing I've seen suggests HSBC have behaved unfairly or unreasonably in deciding to close the account. I can understand B will be disappointed with this decision, but this doesn't mean HSBC have done anything wrong.

I can see the remaining funds were removed before the closure. So, I'm satisfied there were no unreasonable or avoidable delays in releasing these. Overall, I'm not persuaded that HSBC have been unreasonable here. As such I'm not asking them to do anything further.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask B to accept or reject my decision before 17 March 2026.

Thom Bennett
Ombudsman