

The complaint

A charity I'll call W complains that HSBC UK Bank PLC (HSBC) caused lengthy delays in opening its new account, after it registered as a Charitable Incorporated Organisation.

W is represented by one of its trustees, Miss Z.

What happened

W opened an account with HSBC in March 2023. The following year, W registered as a Charitable Incorporated Organisation, and was advised that it would need to update its account with HSBC, or open a new account. It contacted HSBC on 11 August 2024 to do so, and the trustees were told, during a lengthy onboarding call, that the account opening process would take no more than three weeks.

However, that proved not to be the case and the process continued for a number of months without any apparent progress. Miss Z said she received no replies when she chased for updates in late August and September 2024, only to eventually hear that the application would need to be treated as a new account, which would require a fresh review. Miss Z complained at the end of September 2024 and asked HSBC to process the application as soon as possible.

On 8 October 2024, HSBC issued a response to W's complaint, upholding it and awarding £300 in compensation, which Miss Z accepted, in anticipation of a swift resolution to the application. However, the delays persisted. Miss Z said she received the same questions multiple times, some of which she felt were irrelevant, including reference to a separate organisation that Miss Z says was not connected to W.

In October 2024, W was asked to complete a sanctions and export questionnaire, which was completed and returned on 16 October 2024, then again on 22 November 2024 after further silence from HSBC. Miss Z continued to engage with HSBC's enquiries but the application didn't progress to completion. On 16 December 2024, HSBC told Miss Z that the sanctions form had not been processed correctly, and Miss Z complained again.

On 9 April 2025, Miss Z brought W's complaint to our service, having grown tired of waiting. HSBC acknowledged the inconvenience it had caused W and offered to pay £150 in compensation.

Our Investigator explained that she could only consider delays after 8 October 2024. This was because HSBC's letter had explained that Miss Z would need to bring W's complaint to our service within six months of the date of the letter, and Miss Z had done so outside of that timeframe. She explained that HSBC had shared information with our service that it could not share with Miss Z, and that that information had led her to conclude that HSBC had acted within a reasonable timeframe. And she was satisfied that HSBC had exercised its commercial judgment appropriately in raising its enquiries.

She accepted HSBC had caused some inconvenience, but felt that £150 represented fair compensation. So, she didn't ask HSBC to increase its offer.

Miss Z felt £150 was fair compensation in relation to HSBC's error with regard to the sanctions form, but she expressed frustration that she had received no progress updates from HSBC for several months. She felt a payment of £1,025 would be more appropriate, and she referred to a final decision from another Ombudsman on a similar case that had made such an award. However, our Investigator didn't change her outcome, so Miss Z asked for an Ombudsman to review the matter afresh.

After our Investigator issued her findings, Miss Z provided further information that showed the delays with HSBC were ongoing. She had been asked to provide a copy of W's sanctions policy, and was told that HSBC would look to open a new account on receipt of the same. She had submitted the policies on 21 March 2025, but HSBC had still not opened the account when our Investigator issued her findings in June 2025. And there was no evidence that any progress had been made in that time.

On 19 November 2025, HSBC wrote to our service, confirming the account was now fully operational. However, when I approached Miss Z to confirm as much, she told me that was not correct and she provided an email from HSBC that stated the review was ongoing. On 21 January 2026, Miss Z told me the account application had been rejected. HSBC confirmed the same and provided a timeline of events since July 2025 to demonstrate the steps it had taken during that time.

On 30 January 2026, I issued a provisional decision. In it, I said:

"Firstly, I need to set out the extend of my review. As our Investigator explained, I'm not able to consider matters before HSBC's final response letter of 8 October 2024. Miss Z had six months to bring W's complaint to our service from the date of HSBC's letter, but she didn't do so. It appears to me that she was focused on getting the account open, so I understand why she didn't bring the complaint sooner, but nonetheless that part of W's complaint was brought to our service late and I haven't seen anything that would amount to exceptional circumstances that would allow me to consider matters before 8 October 2024.

Also, while Miss Z has understandably expressed dissatisfaction at HSBC's decision not to open an account for W, I can't consider that complaint at this time. A financial business must have the opportunity to consider a complaint before our service looks into it. And so, I'm sorry to say that Miss Z will need to make a separate complaint in that regard, if she wishes to pursue the matter. I appreciate that generates further work for Miss Z, and I'm sorry for the additional work that may generate for her, but I'm simply not able to consider that part of W's complaint at this time.

Turning to the remainder of the complaint, and there are certain matters Miss Z should be aware of. Banks like HSBC are expected to undertake appropriate due diligence checks when onboarding new customers, or when reviewing changes to accounts, such as the status of the customer. These obligations are ongoing and so HSBC can ask further questions at any time.

It's also not always possible for a bank to ask all questions at once, and it's not uncommon for a bank to raise piecemeal enquiries in respect of certain customers. This is of course frustrating for the customer, particularly when the reason for the questions is not obvious. HSBC isn't obliged to share its reasoning with W though, and it is that gap in communication that has caused a great deal of the frustration here. That is not HSBC's fault: it simply isn't able to share all the information it might like to. I appreciate that doesn't change the way Miss Z will feel about what has happened, but I hope it is at least helpful context.

HSBC has shared further information with our service in confidence, and I have considered that information as part of my review of this complaint. Because it has been shared in

confidence, I cannot disclose the details to Miss Z in full. But based on the information I've seen, I can understand why the application process took a long time. There were many points for HSBC to consider, and HSBC had to engage various internal parties, in order to reach a decision. I've also seen a timeline of events since July 2025, and I'm satisfied that HSBC progressed matters between then and the date it decided to exit W as a customer.

However, there's no doubt there have been delays here. I've seen no evidence of movement between April and July 2025, and the timeframe I am considering (October 2024 to January 2026) is far greater than I would expect to see in a case like this. There were occasions when HSBC was waiting to hear from Miss Z, but the ball was in HSBC's court the vast majority of the time.

I understand that there were complexities with this application, but those complexities don't justify a 15-month process. There were clearly periods of inactivity here, and even when HSBC has been progressing matters, I haven't seen a reasonable explanation as to why the process took so long. And so, I'm going to make an award to compensate W for the inconvenience it has experienced.

Because W is a charity, I can only award compensation for the inconvenience it has suffered, and not any personal distress experienced by its trustees. Ultimately W, and not the trustees, is HSBC's customer, and a charity can't experience distress. Miss Z referred to a similar complaint that is published on our decisions database, but I won't make the same award as was made in that complaint.

While there are similarities, there were also significant differences in the events, not least that the bank in that complaint had offered to pay £1,025, but failed to do so. And the Ombudsman's decision was that it should pay the amount it had offered. Notwithstanding that, I'm considering this complaint on its own merits, and I've reached a figure based on the circumstances of this particular complaint. Further, I've set out the limitations of my review as set out at the start of this decision, and I've explained that this was not a simple matter and that it did require a fair amount of attention from HSBC.

With all of that being said, I'm minded to award W £500 in compensation. There were long periods of inactivity on HSBC's part, and HSBC failed to keep Miss Z apprised of developments throughout. There was a limit as to what HSBC could have told Miss Z, given the nature of the review, but HSBC didn't give Miss Z accurate or helpful updates when asked, and it ignored her on a number of occasions, meaning she had to keep chasing HSBC.

W has experienced inconvenience over a significant period of time as a result of HSBC's delays, and I consider £500 reflects the inconvenience that would have caused to W's operations, given the impact on the trustees' ability to make plans and the impact on the time the trustees would have had to divert away from their charitable duties."

I asked the parties to provide any further evidence or arguments they wished me to consider by 13 February 2026. Miss Z replied, saying she had nothing to add. HSBC didn't reply, despite me chasing for a reply before the deadline expired.

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.

Because neither party had anything further to say, it follows that my provisional findings haven't changed.

My final decision

My final decision is that HSBC UK Bank PLC must pay W £500.

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

Alex Brooke-Smith
Ombudsman