

## **The complaint**

A, a company, complains that HSBC UK Bank Plc declined to provide business banking facilities and lending. It closed A's account and restricted access to it. A would like HSBC to reverse these decisions.

A is represented by its director Mr G.

## **What happened**

The details of this complaint are well known to both parties, so I won't repeat them again here. In summary:

HSBC sent A notice on 18 March 2025 that it would close A's accounts on 16 June 2025 in accordance with its terms and conditions.

In August 2025 A applied for business accounts and borrowing but this was declined by HSBC. Following A's complaint to HSBC, it concluded it hadn't made an error when it decided to decline A's application for accounts and lending.

A came to our service. Our investigator said HSBC had applied its commercial discretion and lending criteria and had done nothing wrong in declining A's applications.

Mr G on behalf of A has said he thinks there has been a breach of trust or failure of duty by HSBC. He thinks the existence of a statutory instrument may imply a statutory duty which may give rise to damages. And would like the ombudsman's view.

As there was no agreement 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'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 focussed 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. I do stress however that I've considered everything that Mr G on behalf of A and HSBC have said before reaching my decision.

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 A fairly. So, I'm persuaded I should take it into account when deciding the outcome of the complaint.

### *Review*

UK legislation places extensive obligations on regulated financial businesses. Financial institutions must establish the purpose and intended nature of transactions as well as the origin of funds, and there may be penalties if they don't. This applies to both new and existing relationships. These obligations override all other obligations. I am satisfied HSBC were complying with these obligations when they reviewed A's account. HSBC restricted access to the account during this period. I can see that in blocking the account HSBC were following an internal process in order to comply with its legal and regulatory obligations. This was a legitimate exercise so I can't say HSBC was unfair.

### *Closure*

HSBC decided to close A's account and provided A with notice on 18 March 2025.

Banks are entitled to end their business relationship with a customer, as long as it's done fairly and is in line with the terms and conditions of the account. Banks should, however, give reasonable notice before closing an account. Usually that means 60 days' notice, but it can be less depending on the circumstances. In this case HSBC gave 60 days' notice but restricted the use A had of its account. So, I consider this to be an immediate closure.

In considering if HSBC acted fairly in closing A's account, I've also looked at the terms and conditions of the account. The terms and conditions outline that the bank can close a customer's account with two months' notice, and in certain circumstances they can close an account immediately. In this case I consider HSBC closed A's account with immediate effect. 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, I'm satisfied that HSBC has applied them fairly and I won't be asking them to reinstate the account.

### *Application decline*

HSBC has commercial discretion about whether to provide account services to a customer. Mr G says A's application in August was declined. HSBC doesn't have to provide Mr G or A with a reason why its declined A's application. As I've mentioned above HSBC has provided information in confidence to this service. Having looked at this information, I'm satisfied that HSBC haven't acted unfairly when they declined to provide A with account services following its application and its appeal of the closure decision in August. It follows I won't be asking HSBC to reopen the account or provide A with a new business account.

### *Lending decline*

Mr G has complained that A was declined lending. I've looked at the evidence provided by HSBC in confidence to this service. I'm satisfied that HSBC treated A fairly when it considered its lending application and decided it didn't meet HSBC's lending criteria. HSBC has commercial discretion to do this and isn't obliged to lend to A merely because A has applied for lending and has a good business reason for seeking the borrowing. HSBC is also not obliged to disclose its lending criteria or the precise reasons for declining A's application.

### *Duty of care*

Mr G has mentioned that he wants to know whether there has been a breach of trust or failure of duty on behalf of HSBC. Mr G is in effect asking whether HSBC's commercial discretion to decide who they wish to be a customer or who they lend to, is overridden by the provisions of paragraph 4 SI (388) 2009 and s.583 Companies Act 2006. And therefore, their declining A's lending and account is a breach of trust or duty of care.

HSBC is entitled to set their own policies and part of that will form their risk criteria. It is not in my remit to say what policies or risk appetite HSBC should have in place. This is a decision that I can't interfere with as it is a commercial business decision. I can however, while considering the circumstances of individual complaints, decide whether I think customers have been treated fairly.

Mr G has suggested that the existence of a statutory instrument may give rise to a statutory duty. – Again, I think this is to suggest that the Statutory Instrument and Companies Act provision Mr G refers to should fetter the bank's discretion to make commercial decisions, set their own policies and risk criteria which HSBC is entitled to do. If Mr G thinks differently, he should seek his own legal advice on the matter.

In this case having looked at the evidence provided I am satisfied that HSBC have treated A fairly. And I won't be asking them to do anything else here.

### **My final decision**

For the reasons stated above my final decision is I don't uphold this complaint.

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

Esperanza Fuentes  
**Ombudsman**