

## **The complaint**

Mr E complains on behalf of E a limited company about the service received from HSBC UK Bank Plc ("HSBC") in relation to its Safeguard review during which HSBC made the decision to suspend E's business account as a result of an incomplete review. Mr E says HSBC's requests were unclear, didn't provide explanations, its internal processes were poor and its requirements mixed different ownership status and feels the decision to block the account was disproportionate.

## **What happened**

HSBC identified it needed some updated information from E and initiated a Safeguard review on 5 August 2025 by email. Mr E responded to this the following day submitting the required from.

On 7 August HSBC requested further clarification on ownership with shareholding and structure documents and identification and verification documents for all individuals in E's ownership structure.

HSBC also made outbound calls regarding this on 28 August and 11 and 12 November.

On 14 November identification documents were provided for the executors who held what appeared to be the majority of shares in E. HSBC weren't satisfied and requested further information which HSBC's records show was received and accessed on 19 November 2025.

HSBC asked for clarification regarding the ownership structure of E including details of shareholding percentages and ID and verification documents for any new members and the jurisdiction of tax residence for all beneficial owners.

HSBC sent additional emails on 3, 17 and 31 December 2025 about this.

The information wasn't supplied and so as per its terms and conditions HSBC issued 63 days' notice - the maximum notice provided - by letter to the address HSBC had recorded for it on 2 December 2025 letting E know it would be closing its accounts from 3 February 2026 and provided a number to call urgently. Mr E disputes ever receiving this letter.

Having not received a response HSBC applied restrictions to the account on 3 February 2026 as detailed in its closure letter. The restrictions stopped incoming and outgoing payments from the account.

Mr E raised a complaint that HSBC's requests were unclear about its requirements, its internal processes were poor and action it took in restricting the account was disproportionate. Mr E says as a result of the lack of notice regarding HSBC's actions E suffered business operational interruption and loss of clients.

HSBC explained that it was complying with its regulatory obligations which required it to ensure it has a comprehensive understanding of businesses and its stakeholders which it does by identifying the owners and connected parties to gain a better insight into the

ownership structure of its business. HSBC said that it sets deadlines for completion of the information requests and that failure to meet these deadlines may result in account restrictions and as such there hadn't been an error on its part.

Following telephone calls with Mr E the outstanding information and documents were all eventually received to give HSBC a complete understanding of E's structure on 13 February and HSBC fully completed its review and lifted the restrictions on 16 February 2026.

Mr E remained dissatisfied and so brought E's complaint to this service. Mr E says he didn't receive the closure notice and no evidence of delivery has been provided by HSBC. Mr E believes the actions HSBC took weren't proportionate and believes compensation should be paid for the disruption caused to E's business. Mr E also raised concerns and dissatisfaction about the investigation HSBC conducted into their complaint.

One of our investigator's looked into the concerns raised by Mr E but thought that HSBC were entitled to conduct its review to meet its legal and regulatory obligations. They thought the information HSBC requested was fairly standard information that banks are required to have in order to adhere to safeguarding reviews. Whilst they accepted the inconvenience of this, they didn't think it was unfair or unreasonable for HSBC to request the information it determined it needed to meet its requirements and explained we as a service can't dictate how this process is carried out or what information should be requested.

They thought HSBC could suspend or close an account in certain circumstances in-line with its terms and conditions of account and weren't obliged to give customers prior notice or explanations of this.

On the evidence available they were satisfied HSBC's closure letter was sent correctly and as it was sent through an external third party, we wouldn't expect HSBC to provide proof of postage or delivery.

They thought overall HSBC hadn't acted unreasonably as it provided the maximum notice of closure under its terms and conditions and then lifted the blocks following receipt of the information it required to keep the account open - rather than close the account as it was entitled to do.

Finally, they acknowledged Mr E had raised concerns about the way HSBC had investigated the complaint but explained we couldn't look at this aspect of the complaint as we don't have the jurisdiction to review a business' complaint handling processes and referred Mr E to the Financial Conduct Authority regarding this aspect of the complaint.

Mr E disagreed and says that the complaint isn't about HSBC asking for information but rather about the unclear and inconsistent way the information was requested. He says he never received the notice of closure letter of 2 December, that this was insufficient and unreasonable communication in itself and the restrictions applied on 3 February were disproportionate and caused significant operational disruption and has asked for an ombudsman's decision.

### **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.

The crux of this complaint is whether HSBC acted fairly and reasonably in the way it conducted its Safeguard review, in particular the clarity and consistency of its information requests, and whether it acted proportionately when it restricted E's business account after

the requested information was not provided.

I appreciate Mr E's position that his complaint is not about HSBC being entitled to request information, but about the way the requests were made and the impact of the account restriction on E's business.

HSBC has explained that it was required to carry out a Safeguard review to ensure it had an up-to-date and accurate understanding of E's ownership and control, in line with its legal and regulatory obligations. And I'm satisfied that that is the case and HSBC is entitled, and indeed required, to carry out such reviews from time to time, and to request information it reasonably considers necessary to meet those obligations.

In this case, due to the complicated structure of E and the events that had occurred which led to a change in the ownership structure of E - where it appeared the executors of an estate now owned a percentage of the shares - that following receipt of executor ID, HSBC's request for further information was reasonable, especially as the information provided did not match the position recorded during the previous review conducted. Given this change, I don't think it was unreasonable for HSBC to seek clarification about shareholdings, beneficial ownership, and to request identification and verification documents for those involved.

I've also considered whether HSBC's requests were unclear or inconsistent. While I accept that the process may have been inconvenient and at times frustrating for Mr E, I'm not persuaded that the requests themselves were unreasonable or unfair in the circumstances. The information HSBC was asking for was fairly standard for this type of review, especially where there had been changes to ownership and involvement of executors.

Furthermore, I'm satisfied that HSBC made reasonable and proportionate efforts over an extended period to get this information. This included emails, outbound telephone calls, and written correspondence sent to the address it held for E. While Mr E has said he didn't receive the closure notice issued on 2 December 2025, I'm satisfied on the evidence available that HSBC sent the letter in line with its usual processes and to the correct address. I don't consider HSBC was required to provide proof of postage or delivery, nor to send the letter by tracked or recorded delivery.

I've thought carefully about whether the restriction applied to the account on 3 February 2026 was fair in the circumstances – and I think it was. Where a customer hasn't provided information a bank has determined it needs to meet its regulatory obligations, I think it is entitled – as allowed under its terms and conditions to restrict or suspend an account. And so I think the restriction HSBC applied to E's account when it didn't receive the information it requested was fair a proportionate step to prompt engagement and protect HSBC while the review remained incomplete.

And once Mr E contacted HSBC and the outstanding information was supplied, HSBC completed its review promptly and lifted the restrictions shortly afterwards. So I don't think that HSBC have acted unfairly here.

I accept that the restriction may have caused some disruption to E's business operations. But as I haven't found that HSBC acted unfairly or unreasonably in requesting information, attempting to contact E, or applying the restriction when it did, I don't think it would be fair to hold HSBC responsible for the consequences of this.

Finally, I'm aware Mr E has raised dissatisfaction with HSBC's handling of his complaint. As explained previously, this isn't something I'm able to consider, as we don't have the jurisdiction to review a business's internal complaint-handling processes.

Overall, taking everything into account, I'm not persuaded that HSBC acted unfairly or unreasonably in the way it carried out the Safeguard review or in restricting the account when it did and it follows that I don't uphold this complaint.

### **My final decision**

For the reasons I've explained, I do not uphold Mr E's complaint brought on behalf of E against HSBC UK Bank Plc

Under the rules of the Financial Ombudsman Service, I'm required to ask E to accept or reject my decision before 19 May 2026.

Caroline Davies  
**Ombudsman**