

## **The complaint**

Mr S complains that HSBC UK Bank Plc unfairly closed his accounts. Mr S adds that HSBC's actions are not in line with regulations.

Mr S says this situation has caused him stress, inconvenience and impacted his health. To put things right he wants his accounts re-opened, an apology and compensation.

## **What happened**

The details of this complaint are well known to both parties, so I won't repeat them again here in detail. Instead, I'll focus on setting out some of the key facts and on giving my reasons for my decision.

Mr S had a personal account and credit card account with HSBC.

Mr S has explained that in January 2025, he began to work for a sanctioned bank in the UK, which I will refer to as M. Mr S is not a designated sanctioned individual and received his salary from M under a general licence from the Office of Financial Sanctions Implementation (OFSI).

HSBC reviewed Mr S's accounts. As part of that review in July 2025 HSBC contacted Mr S and asked him to provide information regarding his source of wealth and to complete a sanctions questionnaire. Mr S complied with HSBC's requests and sent HSBC information relating to his employment, and how he used his accounts.

On 3 November 2025, HSBC blocked Mr S's accounts whilst it completed its review. Following this on 4 December 2025, HSBC decided to close Mr S's accounts and told him he had two months to make alternative banking arrangements.

Mr S complained to HSBC and asked them to explain why it had decided to close his accounts. In response, HSBC told Mr S that it had closed Mr S's accounts in line with the terms and conditions of the accounts and due to a potential conflict with HSBC's sanctions policy.

Mr S disagreed and pointed out to HSBC that he wasn't a sanctioned individual, that he was legitimately employed by M, a UK regulated bank and received his salary in line with OFSI regulations. Mr S said closing his accounts due to his employment without any evidence of personal risk was disproportionate and effectively treated him as a proxy for sanctioned entities.

Mr S also said that HSBC's review lasted approximately two months, involved repeated intrusive enquiries, and lacked clear explanations or timely resolution. Mr S said HSBC actions stemmed solely from his employment, which is inconsistent with fair treatment and expectations for sanctions-related reviews.

Mr S brought his complaint to our service where one of our investigators looked into it. In summary, Mr S said:

- HSBC had treated him unfairly when it had closed his accounts.
- He had received his salary from M under general licenses, from OFSI.
- HSBC's process for evaluating and addressing his questions and concerns is totally inadequate, and in breach of their regulatory obligations.
- HSBC's decision appears to overreach its sanctions policy, as it does not account for the individual status that the entity and country is sanctioned not to employees who are working and living lawfully in the UK.

The investigator asked HSBC for some more information about why it had closed Mr S's accounts. In response, HSBC provided us with more information in confidence. After reviewing everything, the investigator said HSBC hadn't treated Mr S unfairly when it had closed his accounts. And had done so in line with the terms and conditions of the accounts and its legal and regulatory obligations.

Mr S disagreed. In summary he said:

- His health has been impacted by HSBC's actions – he has trouble sleeping and now suffers from anxiety.
- He wants the immediate reversal of the account closure decision and reinstatement of full access to his accounts, without restrictions.
- He wants the removal of any negative markers on his credit file resulting from the credit card closure and hard searches prompted by HSBC's actions.
- He wants compensation for the financial losses (e.g. credit score impact), distress, inconvenience, medical condition triggered, and harassment endured. He estimates this at £25,000 to reflect the severity and duration of the harm.
- A full written explanation of the specific reasons for the closure, including how his situation violates HSBC's sanctions policy beyond mere employment association.
- The blocking of his accounts caused serious financial and personal hardship. It also created a perception that he was somehow involved in improper activity, which is damaging to his professional reputation and wellbeing.
- If HSBC suspected any sanctions-related issue or regulatory concern, he believes such matters should involve appropriate regulatory bodies such as the UK sanctions authority and financial regulators. As a UK resident acting lawfully within the financial system, he believes it is the responsibility of the regulatory framework to ensure individuals are not unfairly penalised simply for working for a legally operating bank in the UK.
- While he notes that the Financial Ombudsman Service cannot determine breaches of the Equality Act, the circumstances strongly suggest that assumptions may have been made based solely on his employer's perceived association rather than his personal conduct. He believes this raises serious concerns about fairness and proportionality.

- He understands that HSBC has provided certain information to the Financial Ombudsman Service in confidence. However, as the affected customer, he has not been given any meaningful explanation for the blocking and subsequent closure of his accounts.
- He understands HSBC's risk appetite for not wanting to have any dealings with an individual or entity subject to sanctions – but he is not a sanctioned individual.
- He accepts that HSBC may not have the appetite to offer an account to an employee or contractor of a company which is sanctioned, and that this is a commercial decision it is entitled to take. However, he doesn't believe this to be their genuine position because it would be impossible to set up a procedure to accurately identify such people. And any attempt to do so would flag thousands of UK residents who work for companies which are subject to sanctions.

As no agreement could be reached 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 Mr S fairly. So, I'm persuaded I should take it into account when deciding the outcome of the 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 focused 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. But I have read all Mr S's submissions.

I'll deal first with HSBC's decision to review Mr S's accounts. As the investigator has already explained, HSBC has a wide variety of legal and regulatory obligations it must follow when providing accounts to its customers. These obligations are ongoing and are not only relevant when an account is opened. It appears Mr S is aware of these obligations and accepts this position.

HSBC has said it was blocking access to Mr S's account due to UK financial sanctions. Sanctions can be very broad and relate to countries, individuals, trade and transactions. HSBC is expected to take measures to comply with current sanctions, which means it has extensive things it needs to be aware of and monitor. Sanctions are just one of the many things HSBC must take into account to ensure it's doing what it should. And, if it didn't review accounts and the activity taking place on them, it could risk serious penalties. So, having a sanctions policy or other policies to mitigate against potential risks isn't by itself wrong. This applies to both new and existing customers regardless of how many years a

customer may have held an account with HSBC. And regardless of any other account held by a customer.

Given the obligations HSBC must follow, and looking at all the circumstances of this complaint, in particular Mr S's responses to HSBC's sanctions questionnaire and the information HSBC has shared with our service in confidence, and his links to M, which is a designated sanctioned entity, I'm satisfied that it was reasonable and proportionate for HSBC to review Mr S's accounts and ask him to provide information about his source of wealth and account activity. The terms and conditions of the accounts also make provision for HSBC to review an account.

I appreciate that Mr S felt the information that HSBC requested was intrusive and unnecessary. And that he had to go to the trouble of providing other bank statements and the relevant OFSI licence. But the information HSBC was asking Mr S to provide is fairly standard information that banks, and other financial businesses are required to have in order to adhere to its legal and regulatory responsibilities. It's not in my remit to determine what questions HSBC should ask its customers to ensure it adheres to its responsibilities. And what activities it should or shouldn't undertake.

HSBC are also able to set their own procedures, including how they wish to conduct their reviews. HSBC has explained that when requesting additional information this can prompt a further request and clarification, which can lead to some back-and-forth communications with customers. I don't find this unreasonable. That's because HSBC is required to have up to date information about its account holders including details of their source of wealth, in order to comply with its legal and regulatory obligations. So, whilst I can appreciate Mr S's point of view about the necessity of the information HSBC requested, and how stressful Mr S found the requests, I can't reasonably say that HSBC acted unfairly or unreasonably in asking Mr S to provide the information.

Mr S has said that HSBC took too long to complete its review. Whilst I understand how HSBC's actions impacted Mr S, given everything I've seen I can't say there were any undue delays in HSBC completing its review. I've looked at what HSBC were doing during the time Mr S's accounts were 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. So, I can't conclude HSBC have treated Mr S unfairly in taking the time it did to review his accounts.

#### *Closure of Mr S's account*

Mr S says HSBC closed his accounts unfairly - he's said he isn't a sanctioned individual and wants HSBC to explain why it no longer wants him as a customer. Mr S wants HSBC to reopen his accounts and pay him compensation for the trouble and upset he's been caused by HSBC closing his accounts.

HSBC's decision to close Mr S's accounts was made shortly after it reviewed them. As a general rule HSBC isn't obliged to continue offering an account to a customer if it doesn't want to, this is a commercial decision and not something this service can get involved with, as this would impinge on their freedom to decide who they want as a customer. That being said it wouldn't be fair or reasonable for HSBC to suspend or close Mr S's accounts outside the terms and conditions of the account or without valid reason – which includes mitigating any potential risk to HSBC and to its customers. I need to be satisfied that HSBC treated Mr S fairly and closed the accounts in line with the terms and conditions of the account.

I accept that Mr S isn't subject to any sanctions. But HSBC haven't argued that Mr S is a designated person. It also accepts Mr S is legitimately employed and receiving his salary in

line with regulations. Instead, HSBC has provided information in confidence to our service regarding its concerns. HSBC took the view that Mr S may facilitate transactions through his HSBC account that go against international sanctions, which could lead to HSBC facing serious penalties. HSBC wasn't prepared to accept this risk that this may breach sanctions. The question I need to consider is whether it's reasonable for HSBC to think this – and if there's a legitimate concern. Having reviewed all the evidence shared with me by HSBC I'm satisfied it is.

Mr S has pointed out that HSBC didn't identify the activity on his account which were at risk of breaching its sanctions policy. In other words that money coming into his account and how it was being operated carried no more risk than any other customers accounts.

Whilst I understand the point Mr S is seeking to make here, HSBC has its own risk policy it can to some extent exercise its own judgement and make its own reasonable assessment about the risks involved in having Mr S as a customer, given the wide range of possible breaches of laws or regulations across many different jurisdictions, that does not seem unreasonable. I've also considered the information HSBC has shared with our service in confidence, and having done so I think it was reasonable for HSBC to take the view that continuing to provide Mr S account services might constitute a breach – even if there was a plausible legal argument that it might not.

The terms and conditions allow HSBC to close an account if it gives at least two months' notice. In some cases, HSBC could close an account immediately. HSBC wrote to Mr S on 4 December 2025 and gave him two months' notice that it intended to close his account. I appreciate Mr S would have found it inconvenient to lose access to all the functions of his account, but the restrictions didn't prevent Mr S from transferring his account balance out to another account.

In this case, whilst I accept Mr S could withdraw his account balance during the notice period, Mr S wasn't able to use his account after HSBC blocked it. So, I consider HSBC closed his account immediately since Mr S wasn't able to use the account following the block. 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 that the bank has provided, I'm satisfied that HSBC did.

Having reviewed everything, I've seen nothing to suggest HSBC's decision around closing Mr S's accounts was unfair. On balance when considering HSBC's wider regulatory responsibilities and all the information available to me, I find HSBC had a legitimate basis for closing Mr S's accounts. So, it would not be appropriate for me to ask HSBC to pay Mr S compensation since I don't find HSBC acted inappropriately. And I won't be asking HSBC to reopen his accounts.

I can see that Mr S finds it frustrating that he hasn't been given a clear explanation of the reasons behind HSBC's decision to close his accounts. Whilst I acknowledge Mr S's pursuit to get absolute clarity, about why HSBC ultimately decided to close his account, and that the explanations given to date are unhelpful, HSBC do not have to be explicit in their reason, so, I find no error was made here.

Mr S has said he hasn't had any clarity about the reasons for the review and closure of his accounts and therefore can't defend himself. Mr S said he wasn't a risk, and he'd used the account properly.

I've taken onboard Mr S's comments. But I'm satisfied HSBC fairly reviewed Mr S's account and identified a risk. But, as the investigator said, HSBC asked for the details of the review

to be kept confidential. The service was set up under a set of rules, DISP, and DISP 3.8.1R, says: In dealing with information received in relation to the consideration of a complaint, the Financial Ombudsman Service will have regard to the parties' rights of privacy.

I've considered what HSBC's sent this service, and I've carefully considered what Mr S has said about fairness and not being able to defend himself. But, having considered all this, I still think it's fair not to release the specific reasons for HSBC deciding to review and close Mr S's accounts

I'm sorry but I can't share this information with Mr S due to its commercial sensitivity. But I've seen nothing to suggest HSBC's decision around reviewing and closing Mr S's accounts was unfair. On balance when considering HSBC's wider regulatory responsibilities and all the information available to me, I find HSBC had a legitimate basis for closing Mr S's accounts following completion of its review. HSBC is entitled to do this. So, I don't find HSBC treated Mr S unfairly.

Given how strongly Mr S 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 S.

### **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 Mr S to accept or reject my decision before 7 May 2026.

Sharon Kerrison  
**Ombudsman**