

## The complaint

Mr C complains on behalf of his business, C Ltd that HSBC UK Bank PLC of severe and sustained service failure and systemic maladministration resulting in the denial of digital access to its mobile-only business account for six months (March to September 2025).

## What happened

Mr C obtained a new mobile phone for C Ltd in February 2025, but access was lost to C Ltd's account for six months. Mr C said he had to put significant business time to manual phone-based administration which was unfit for a mobile-only business product. Mr C said all other services and the banking app were installed on the new phone within 24 hours.

During this period, Mr C said HSBC threatened his and C Ltd's financial standing and credit rating via aggressive debt recovery. Mr C said C Ltd suffered severe operational disruption, and a risk of fees. Mr C said he's suffered exceptional ongoing distress, impacting his mental health condition and he complained to HSBC. He said HSBC gave incorrect instructions, including that C Ltd sign up for phone banking despite being a mobile-only platform.

HSBC responded that account access was restricted on 27 February 2025 when Mr C could not pass security. HSBC said there was no contact from Mr C until 27 June when he was advised about resetting his phone banking, which he completed. But Mr C didn't call again until 7 August on which occasion he didn't have the account details to pass security.

HSBC said Mr C called on 6 September and passed security whereby its agent was able to help him regain access to the banking app. HSBC said Mr C's direct debit towards his credit card was cancelled in July 2024 and he had been making manual payments, which stopped when he lost access to the app. HSBC said if Mr C had reset his phone banking earlier it could have helped and some of the inconvenience could have been avoided. HSBC declined to write off the balance of the credit card, but offered Mr C £50 as a goodwill gesture.

Mr C disagreed with HSBC because it ignored systemic failures and gross maladministration in complaint handling, and the harassment caused by its contradictory actions. Mr C referred the complaint to our service and demanded compensation for C Ltd of £1,000 to £1,500 and of £500 to £1,000 for himself. And the write off of C Ltd's credit card balance of about £737.

Our investigator said HSBC's offer of £50 was fair. He said when Mr C contacted HSBC in February its adviser tried to help but he couldn't pass security and so the phone banking security needed to be reset. He said Mr C completed this process in June, but called in July to say he couldn't access the app, which suggested that further steps were still required before account access was fully resolved. This happened in September 2025.

The investigator said financial business are required to carry out identity and security checks before providing access to accounts or resetting security features. These are an important safeguard to protect customers from fraud. The process took some time but there's no evidence that HSBC prevented access to the account or that its systems stopped the issue from being resolved once the required security processes were completed.

As to the outstanding credit card balance, HSBC wrote to Mr C in August and November 2025 asking him to make contact to discuss repayment or financial support options. He said HSBC is entitled to contact customers regarding repayment of debts and there's nothing to show that HSBC applied charges or incorrectly pursued recovery outside its usual process. The investigator said the outstanding balance related to normal use of the credit facility rather than any error by HSBC and it wouldn't be fair to require HSBC to write off the debt.

Mr C disagreed with the investigator and requested an ombudsman review the complaint. He said the outstanding credit card debt had now been written off, but he remained concerned about the impact on his credit file and the other issues he has raised.

### **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.

As Mr C rejected our investigator's recommendation, C Ltd's complaint has been passed to me to make a final decision. Having reviewed the circumstances, I have come to the same overall conclusion as the investigator, for broadly the same reasons.

I will explain my reasoning but should note firstly that the complaint is brought on behalf of a business, C Ltd, and therefore the impact of any errors or poor service by the respondent is on the business alone. This means that although I don't doubt the personal impacts and health issue that Mr C has described I can't consider this in the context of the complaint. A business cannot suffer distress and emotional impacts so I have only considered whether C Ltd was inconvenienced by HSBC.

I was sorry to learn about the sustained service difficulties that C Ltd experienced, following the installation of a new mobile device and the inconvenience attendant upon this issue. Installing the new device should have been a straightforward process but from HSBC's records Mr C failed security when he called about this on 27 February 2025.

Mr C said HSBC made promises to email workable solutions to the issues but these weren't kept. From the record of the calls between the parties, I haven't found that HSBC made and then broke promises to Mr C. HSBC's agents tried to explain the steps needed to take to transfer the service to the new phone.

Given the impact of the lack of account access that Mr C has described it's not clear to me why he waited until 27 June to contact HSBC again. Perhaps it was because Mr C was relying on alternative banking arrangements that he has mentioned to run his business.

HSBC's contact records show that it was only in September 2025 that Mr C passed security and it was able to help him get his business account back online. I agree with HSBC's comment to us that had Mr C engaged with the bank when the issue first arose the matter would've been resolved much sooner.

The investigator has explained the regulatory requirement on financial businesses to take appropriate security measures in order to protect customers' accounts from fraud. Banks generally suspend account access when a security check is failed and I think HSBC has acted in accordance with its security process. I have not found that HSBC made a mistake in its handling of C Ltd's account access or provided poor service in its communications with Mr C.

Mr C says he has received severe, sustained harassment from HSBC for payment of the outstanding balance of his credit card and this has prevented him from focusing on business operation. He said the debt should be written off in lieu of HSBC's unacceptable service.

I have seen that HSBC contacted Mr C by letters and calls. This is in common with any regulated lender's approach to an unpaid debt where the customer hasn't abided by the terms. I cannot see that C Ltd was treated differently to any other customer in these circumstances and I haven't found that HSBC's letters requesting Mr C make contact to discuss repayment amount to harassment.

I note that recently HSBC has cancelled the outstanding debt on C Ltd's credit card account. This decision has not been related by HSBC to C Ltd's complaint and is a decision the bank is entitled to make in its management of unpaid debt. It is open to Mr C to bring a further complaint about HSBC's handling of the credit card debt as he has said this may cause credit file damage. A respondent business must have the opportunity to consider a complaint before it is investigated by our service.

Mr C said that HSBC must agree to immediately close C Ltd's account without further charge or procedure. I hope HSBC and Mr C will successfully arrange for this to happen if it hasn't already.

Having looked at the circumstances of C Ltd's complaint I have not found errors or poor service from HSBC that would justify upholding C Ltd's complaint against HSBC. It follows that it would not be fair or reasonable for me to require HSBC to pay the compensation to which Mr C has referred. If he hasn't already, I recommend that Mr C request the payment of £50 from HSBC that the bank has offered as a gesture of goodwill.

### **My final decision**

For the reasons I have given it is my final decision that the complaint is not upheld.

Under the rules of the Financial Ombudsman Service, I'm required to ask C to accept or reject my decision before 20 May 2026.

Andrew Fraser  
**Ombudsman**