

## **complaint**

Mr S complains that HSBC Bank plc refused his application for a bank account but wouldn't give him an exact reason why.

## **background**

In March 2018, Mr S applied to switch his bank account to HSBC. And this was initially set up for him. But he then received a letter saying HSBC had decided not to go ahead with the opening of an account for him. It said its terms of business were that it may withdraw banking facilities at any time.

Mr S asked on what basis this decision had been made but didn't feel HSBC gave him a proper confirmation of what it was that gave it cause for concern, which has made him worry about future applications being declined or whether there is some incorrect information recorded about him.

HSBC said that as a result of its searches with the fraud prevention agency CIFAS, it had identified information that had influenced its decision to end its banking relationship with Mr S, and he should contact this agency if he wanted specific details of the information held.

One of our adjudicators said HSBC had made a commercial decision to close Mr S's account, but she thought it would've been better if HSBC had been able to tell him this earlier rather than after the account had been set up. She said that all banks are entitled to a measure of confidentiality, particularly where business processes are concerned and HSBC had acted within its procedures. However, it made a mistake in the way it explained why it had reached its decision which had led Mr S to believe this was because of information recorded with CIFAS. HSBC offered to pay Mr S £50 for the inconvenience he was caused by this.

Mr S didn't accept that this offer resolved his complaint. HSBC's suggestion that the account closure was due to fraud prevention measures caused him considerable personal distress and he felt HSBC had numerous opportunities to explain what was behind its decision earlier. He had spent time, money and effort trying to establish what HSBC's reason might be. He asked for a written apology and reassurance that no adverse marker had been placed with any credit or fraud prevention agency, and a higher level of compensation.

## **my findings**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Although I can fully appreciate why Mr S has wanted HSBC to give him more specific reasoning behind its decision not to offer him banking facilities after his application, I don't think it should be required to provide him with any more of a detailed explanation about what it took into account as part of its account opening procedures. The adjudicator has described this as being a matter of HSBC's commercial discretion, and I see that it has followed its usual process and searches for an account application. It then reached the decision to end its banking relationship with Mr S as a result of following this process and this was in accordance with its terms and conditions.

I do understand that HSBC's decision has caused Mr S worry and upset; and that he's taken the time and put in effort in contacting various credit reference and fraud prevention agencies to see what information is recorded about him. HSBC's response to his complaint referred to it being information held with CIFAS that influenced its decision, when that wasn't the case. HSBC had now offered Mr S £50 for the inconvenience this caused him.

But I don't think it should be required to pay him a higher level of compensation or offer a written apology. It was entitled to reach the decision it did, and Mr S has told us that he accepts this. And HSBC is obliged to report fair and accurate information to credit reference agencies, which may include where it has made a decision to withdraw from offering banking facilities. It was Mr S's choice to seek records from the other agencies to help him see what information he thought might've influenced this decision.

In the particular circumstances, I think the £50 HSBC has offered represents fair compensation for the way in which it worded its explanation in its response to Mr S's complaint.

### **my final decision**

My decision is that HSBC Bank plc should pay Mr S £50, as it has offered to do.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 1 December 2018.

Cathy Bovan  
**ombudsman**