

complaint

Mr and Mrs A complain that HSBC Bank Plc closed their account.

background

Mr and Mrs A told us that HSBC closed the account that they'd had for many years. They said this was costing them a lot of money. Mr and Mrs A also said that HSBC had passed their debt to collection agents, although they'd paid it off. And it hadn't returned a cheque they had paid into their account. They wanted HSBC to compensate them for their losses.

HSBC said that it carried out a review of Mr and Mrs A's account. It decided it would no longer offer them banking facilities. So it wrote to them on 10 January 2017 to say their account would close in a little over two months' time.

On the day the account was closed, HSBC paid two direct debits from their account, totalling £127, for utility bills. This put their joint account into debit. The next day Mr and Mrs A paid a cheque into their account at a branch of HSBC. The bank said it shouldn't have accepted that, because their account was closed. So it sent the cheque back to the bank that issued it, on 27 March 2017. And HSBC also wrote to the couple, on 22 March, to say that they owed the bank £127. This debt went up, because fees were charged on the account.

Some money was paid into the couple's account, and this cleared their debt, which was then £199.20. HSBC sent the rest of the money back to Mr and Mrs A. But about two weeks later, HSBC's collection agents got in touch with Mr and Mrs A and asked them to pay their debt.

HSBC said that it was sorry about this. It had taken a little while for the money that was paid into HSBC for Mr and Mrs A to reach their account and clear the debt. HSBC sent Mr and Mrs A £25 worth of vouchers to say sorry for chasing them for a debt they'd already paid.

Our adjudicator didn't uphold this complaint. She said that HSBC acted in line with the terms and conditions of Mr and Mrs A's account when it gave them more than two months of notice that it was going to close their account. She said that this service wouldn't make HSBC keep the account open. She said that it's also in line with the terms and conditions of the account for HSBC to use money that's paid in to the account to reduce their debt. She didn't think that HSBC had made any mistakes when it closed this account.

Mr and Mrs A didn't agree with that. They said they still didn't know why the account had been closed. And they didn't think HSBC should've paid the direct debits, because they'd paid their bills by phone. They also said that they still hadn't had the cheque back. And they were still receiving letters chasing them for the debt long after it was cleared. They sent us a letter asking for the money back which was sent over a month after the debt had been paid.

Our adjudicator didn't change her mind. She said this service can't tell Mr and Mrs A why their account was closed. And HSBC doesn't have to tell them. She said that HSBC honoured the direct debits because they hadn't been stopped. And she thought it was reasonable for HSBC to reject the cheque which Mr and Mrs A had tried to pay in, because it would've left the account in credit, and the account was closed by then. She also thought it was reasonable for HSBC to use a later credit to the account to clear the debt.

She knew that Mr and Mrs A were incurring fees on the account, but she expected that they would've been aware of this, because HSBC wrote to them about the outstanding balance. And she said the fees and charges were applied in line with the terms and conditions of the account. She said she'd only seen one letter which the debt collection agency had sent a couple of weeks after the debt was cleared, and that was just due to a timing error. She thought that vouchers worth £25 were enough to make up for that. Our adjudicator said that the cheque that Mr and Mrs A had tried to pay into their account had been sent to a branch of a different bank. HSBC told Mr and Mrs A about that on 15 May.

Mr and Mrs A wanted their case to be considered by an ombudsman, so it was passed to me for a final decision.

my provisional decision

I issued a provisional decision on this complaint and explained why I proposed to uphold it in part. This is what I said then:

- I looked at the terms of Mr and Mrs A's account. And I was satisfied that HSBC gave Mr and Mrs A the required amount of notice before it closed their account. I knew that Mr and Mrs A felt strongly that HSBC hasn't explained why it made the decision to close their account, so I was sorry to have to tell them that HSBC doesn't have to give them a reason.
- Mr and Mrs A asked us to get HSBC to reopen their account. But this service wouldn't usually make a bank do that unless the account had been closed in error – and that wasn't the case here. So I couldn't see anything in this case to make me think that we should do anything differently here.
- I knew that Mr and Mrs A would also like me to make HSBC compensate them for their losses from the account being closed. But because I didn't think that HSBC did anything wrong when it closed their account, I didn't think it had to pay them compensation for that.
- But then I looked at what happened when HSBC closed the account. And I thought that HSBC may have made some mistakes when it did that.
- HSBC paid two direct debits on the day that the account was being closed. Mr and Mrs A said they'd paid these bills separately. But they hadn't suggested that they'd told HSBC that. So I didn't think that HSBC did anything wrong when it paid those direct debits. I said that if Mr and Mrs A have now paid their bills twice, they might wish to contact the utility company and ask for a refund.
- HSBC then accepted a cheque in its branch, to pay into Mr and Mrs A's account. The bank now says that this was a mistake. It shouldn't have accepted that cheque the day after the account was closed. But it did accept it. And because the bank did take it, I thought that it was reasonable for Mr and Mrs A to think they didn't owe the bank any money.
- HSBC told Mr and Mrs A around 22 March that they needed to pay off the debt on their account. But that letter didn't tell Mr and Mrs A that they would still incur charges on that debt, or that their cheque was being returned. So I thought that HSBC made a mistake

when it failed to tell Mr and Mrs A that charges would be applied to their account if they didn't pay off their debt straight away, given their account was officially closed.

- HSBC returned the cheque to the bank it had been drawn on, on 27 April. But from what I'd seen it didn't seem to have told Mr and Mrs A about that until 15 May. I thought that Mr and Mrs A should've been told that straight away. I thought that HSBC made a mistake when it didn't tell them that their cheque had been returned to the issuing bank, so it wouldn't pay off their debt.
- Mr and Mrs A have said that they still haven't received the money from this cheque. I was satisfied that the cheque was returned to the issuing bank, and that it wasn't paid. So I said that Mr and Mrs A would need to contact the issuing bank directly about the cheque, if that other bank hasn't contacted them about this.
- Because I didn't think it was clear that the cheque that Mr and Mrs A had paid into their account, which HSBC had accepted, wasn't being used to clear their debt, and because I thought that it wasn't clear that fees would be applied to the debt, I thought that HSBC should refund any charges it had applied to this account after it was closed. Mr and Mrs A originally owed £127 when the account closed, but HSBC then deducted £199.20 from a later credit that was paid at the end of May by a business straight into the account. So I thought HSBC should refund £72.20 in fees.
- Before the account was credited with some money that cleared their debt, HSBC had asked agents to collect the debt on its behalf. I'd explained that a later credit was made by a business directly into this account at the end of May. This cleared the debt on the account. HSBC said that Mr and Mrs A received a letter chasing them for payment a couple of weeks after that, because the money took that long to reach their account. But Mr and Mrs A have showed us that they were still being chased to repay that debt at the start of July. I thought this must've been upsetting for Mr and Mrs A.
- Overall, I didn't think that HSBC needed to pay Mr and Mrs A any compensation for deciding to close their account. But it looked to me as if when HSBC did that, it made a number of mistakes. So, as well as the refund of £72.20 that I thought HSBC should make in this case, I thought it should pay compensation of £200 to make up for all the mistakes it seems to have made.

I invited the parties to make any final points, if they wanted, before issuing my final decision. HSBC said that it agreed with the decision. Mr A wrote on behalf of himself and his wife to make some additional points.

my findings

I've reconsidered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint. I haven't changed my mind.

Mr A said that he'd told the bank that the utility bills had been paid, so it shouldn't have paid those direct debits on the day the account was closed. He said that the account balance was nil on the morning that the account was supposed to be closed, and by paying these direct debits, HSBC had made the account go overdrawn.

My provisional decision said that Mr A and Mrs A hadn't said to us that they had told the bank not to make these payments. There's no other evidence, apart from what Mr A has told

us now, that suggests to me that HSBC had been told not to make these payments. Our investigator asked Mr and Mrs A whether they would like to send us evidence that the direct debits had been stopped and that these two payments had been made by other means, but they didn't send that. Taking all of this into account, I still don't think that HSBC did anything wrong when it paid these direct debits.

Mr A said that he and Mrs A didn't know the account was still open until 25 May 2017. But the account wasn't still open then. Mr and Mrs A did owe HSBC some money on their closed account. And I think that they knew that before 25 May. I can see that HSBC wrote to Mr and Mrs A to ask them to pay off the debt after the account was closed. It did that before 25 May. And Mr A complained to HSBC about the debt on the account before 25 May.

Mr A said that because he and Mrs A got to know on 17 March that the account was in the red, they paid £130 cash and £620.19 in a cheque into the account. Mr A said that he and Mrs A had lost these two amounts, because HSBC had denied that they paid in £130 in cash and had sent the cheque to somewhere else that it had never told them about.

HSBC's internal records show that the cheque that Mr A refers to here was paid in on 16 March. HSBC sent that cheque back to the bank that issued it. I've accepted that there was a delay in telling Mr and Mrs A where that money went, but HSBC did tell them what had happened to the cheque some time ago. And I've explained to Mr and Mrs A that they should ask that issuing bank, which the cheque was returned to, about that money. HSBC doesn't have this money. So I won't ask HSBC to pay that amount to Mr and Mrs A now.

Mr and Mrs A have not previously mentioned any cash deposit into their account which was made on or around the same date as the cheque was paid in. I've asked HSBC about this, and it hasn't been able to trace this payment yet. I don't want Mr and Mrs A to wait any longer for the money that I'm awarding them as part of this complaint. So I don't think I should wait to see if HSBC can find this money. Instead, I won't make any decision on this new point. That means that Mr and Mrs A can bring a separate complaint about this if they want to.

Mr A also said they'd never received any voucher for £25 from HSBC, and if they had received it, they would've returned it. I don't know whether this voucher was received. But as Mr A says that he and his wife would've returned it anyway, I don't think it makes a difference to this complaint whether it was received or not.

Mr A said that he thought it would be fair to pay back the whole of a later deposit made by a business into this account. The amount deposited was £294. In my provisional decision, I said that HSBC had withheld £199.20 of that deposit.

£127 of that was money which had been used to pay Mr and Mrs A's utility bills. So I didn't think that they had lost that money. If a utility company was paid twice, then I expect it would give Mr and Mrs A their money back, or use the money to cover future bills. HSBC doesn't have to pay that back.

HSBC had also withheld £72.20 for fees and interest charged to the account after it was closed. I said that I didn't think HSBC should've done that, for the reasons I explained in my provisional decision, so it had to pay that back. So I still think, as I previously suggested, that I should include this amount in my award.

HSBC said it had refunded the rest of this amount, which was £94.80, to Mr and Mrs A. It wrote to them on 17 August, and told them then that it had sent the rest of this money back as a cheque. I've followed this up with HSBC and it says that this cheque wasn't cashed. HSBC has confirmed that its Unclaimed Balances team can arrange for this money to be reissued to Mr and Mrs A.

Mr A said that Mr and Mrs A's total loss was made up of the following -

- *the cheque they had paid in to their account the day after the account was closed,* I've explained that this cheque was sent back to the issuing bank, and Mr and Mrs A will have to ask that bank for this money.
- *£130 in cash he had paid in at the same time as that cheque, and* I've explained that HSBC hasn't yet been able to find whether this money was paid in or not. Because I don't want to delay the award I'm making in this case any longer, I've said that I won't deal with that here, and Mr and Mrs A can complain about this separately if they wish.
- *the full amount of a deposit made by a business into the account some time later.* I've explained that some of this was used to pay utility bills. Some was returned in a cheque, Mr and Mrs A haven't cashed that, and HSBC has said it will reissue the cheque to them. And £72.20 was used to pay bank fees. I'm still going to include that amount in my award.

Mr A said they'd lost interest on this money too. I don't think that HSBC has caused a loss of that size, for the reasons I've explained above. I think it only has to pay back £72.20 now. And because I don't think that HSBC has caused a loss of the size that Mr and Mrs A have suggested, I think that any interest that Mr and Mrs A could've received on any money they haven't been able to invest elsewhere would be a small amount, which would be covered in the award of compensation I have made.

Mr A said the letter that HSBC's debt collectors sent was the fifth letter they had received, and this was harassment. I don't know if there were five letters from HSBC's debt collectors or not. But I do think that HSBC's debt collectors continued to write to Mr and Mrs A about this debt after it should've been clear that it was paid. That's one of the reasons that I awarded compensation in this case. I've considered Mr A's comments about the impact that this has had, but I still think that a total of £200 is a fair amount of compensation in this case.

Mr A also said that HSBC accepted that it had made an error in its letter of 15 May 2017. He didn't know what error that was referring to. I think that letter is clear that the error HSBC is referring to is accepting a cheque after the account was closed. HSBC doesn't think it should've done that. I've taken that into account in my decision.

Mr A also wanted to know why he couldn't have an appointment to see a particular person at HSBC. He hasn't asked us about this before. If that is related to this complaint, then I would expect HSBC not to try to discuss with Mr A an issue that he has complained to us about. So I wouldn't think that HSBC had made any mistake by refusing to talk to Mr A directly after his complaint had been brought to us. If the appointment that Mr A requested wasn't related to this complaint, then I wouldn't be able to consider it here.

I've considered Mr A's further comments carefully, but I haven't changed my mind. So I still think that HSBC should do what I suggested in my provisional decision, which was to refund £72.20 in fees and charges to Mr and Mrs A, and pay them £200 in compensation.

Mr and Mrs A may also like to talk to the bank that issued the cheque that they paid into HSBC, to see if they can get that money released to them. And they may like to ask HSBC

to reissue the cheque for £94.80 which HSBC sent to them some time ago, and they haven't cashed.

Mr and Mrs A can complain separately about the payment of £130 which they say has gone missing, if they would like to.

my final decision

My final decision is that I intend to tell HSBC Bank Plc to refund £72.20 in fees and charges to Mr and Mrs A, and pay them £200 in compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs A to accept or reject my decision before 3 October 2018.

Esther Absalom-Gough
ombudsman