complaint

S, a limited company, complains that HSBC UK Bank Plc unfairly closed its accounts and appointed debt collectors. S is represented by its director, who I'll call Mr A.

background

HSBC closed S's accounts in early 2018. Mr A says HSBC closed the accounts because it said they were dormant, but this wasn't correct – S was between business contracts. He says HSBC passed the account to debt collectors who harass him and threaten to spoil his credit record. Mr A says adverse information on his credit file will prevent him working.

Our investigator didn't recommend that the complaint should be upheld. He said:

- HSBC wrote to S in 2017 asking it for up to date information. This was part of its safeguard review, which is intended to protect customers from fraud and financial crime. HSBC says as it didn't receive a response it gave notice and closed S's accounts. Our investigator said HSBC was entitled to ask for the information from S and to give notice to close its account.

- HSBC also wrote to S about its overdraft from mid 2017. It said that further action would be taken if it didn't get a response, including recording information with credit reference agencies and moving the accounts to collections. When the accounts were closed, the debt became due.

- HSBC confirmed any data would be recorded on S's credit file. So this shouldn't affect Mr A's ability to work.

Our investigator said HSBC gave S reasonable opportunity to respond and explained the consequences of not responding. It didn't act unfairly.

S didn't agree. Mr A said HSBC acted unfairly when it closed S's account. Mr A said HSBC renewed the overdraft and S stayed within the limit. He says HSBC should have waited for him to get back to work so S could repay the overdraft instead of causing irreparable damage.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Where the evidence is incomplete, inconclusive or contradictory, I reach my decision on the balance of probabilities – in other words, what I consider is most likely to have happened in light of the available evidence and the wider circumstances.

The terms and conditions of S's account say that HSBC can close the account by giving two months notice. HSBC sent a closure notice to S in November 2017. It closed S's account in January 2018.

While HSBC didn't have to give a reason, it said it closed S's accounts following a review of the accounts.

As HSBC had given the required notice, I don't think it made an error when it closed S's accounts. In some circumstances, I might find that a bank acted unfairly when closing a customer's account even if it gave the required notice. But that's not the case here.

HSBC had written to S from mid 2017 about its safeguard review. In September 2017 it asked Mr A to complete an online form. It said it might close the account if it didn't receive up to date information within 60 days. HSBC then gave two months notice. I think HSBC gave S a reasonable opportunity to respond to its request for up to date information before it closed its accounts.

When the accounts were closed the debts – the overdraft on S's business account and the balance on its credit card account – became due.

HSBC had written to S about the overdraft from mid 2017. It sent reminders and default notices. It explained what further action could be taken, including recording information with credit reference agencies and passing the accounts to debt collectors.

HSBC wrote to S in early 2018 about its accounts being dormant. But this isn't the reason the accounts were closed. This didn't affect the closure notice that had already been sent.

I think HSBC was entitled to close S's accounts and to ask S to repay the debt it owed. I don't think HSBC acted unfairly in doing so.

my final decision

My decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask S to accept or reject my decision before 14 July 2019.

Ruth Stevenson
ombudsman