

complaint

Mr and Mrs R have complained HSBC Bank Plc treated them unfairly by closing their business account.

background

HSBC froze Mr and Mrs R's business account and then closed it when they didn't respond to its request for information about their business. It handed the account to a debt collection agency.

They complained to HSBC. They said it shouldn't have closed their account because they'd provided the information. They were also unhappy it had sent them a cheque for £336 from a customer, made payable to the business. They said they couldn't bank the cheque because they didn't have another account and that HSBC should've used it to reduce the overdraft on their account.

They also complained HSBC had blocked their telephone banking facility and that staff in the local branch were unhelpful.

HSBC said it hadn't done anything wrong and rejected their complaint. It said it had closed their account because they hadn't provided the information it had asked for. And it said it had followed its procedures by giving them notice it would be closing the account.

Mr and Mrs R weren't happy with this response so they brought their complaint to this service. They said they were forced to close their business because customers couldn't make payments directly into their account while it was frozen.

They asked for compensation for their trouble and upset and a refund of the interest and charges added to the account.

Our adjudicator didn't think HSBC had treated them unfairly. She said although they had provided some information, it was clear it wanted more but there was nothing confirming they'd given HSBC what it asked for. And they didn't contact HSBC when it sent them the notice of closure.

HSBC's now made an offer to settle their complaint. It's agreed to:

- refund £227.62 – the total of the charges and interest added to the account from February 2016 to April 2016
- refund £46 - the overdraft interest charged on the amount of £336 from September 2015
- pay a total of £609.62, (the amount of the cheque for £336 + £227.62 + £46) directly to the debt collection agency to reduce the overdraft debt.

Our adjudicator has said she thinks this is a fair and reasonable offer.

Mr and Mrs R haven't accepted this offer and they've asked for an ombudsman's final decision.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. I'm afraid I agree with our adjudicator's view and for the same reasons.

I appreciate Mr and Mrs R were long standing customers with no problems. So I can see why the sudden request for information about their business might've surprised them or made them wary.

But I don't think HSBC treated them unfairly when it asked them for more information about their business. It was only carrying out a review of the account as part of standard banking practice.

Again, I don't think HSBC treated them unfairly or did anything wrong when it closed their account. I think it gave them ample opportunity to provide the necessary information but they didn't provide it.

It said it sent them a questionnaire in 2014 asking for information about their business. It said they didn't respond. It sent them two reminders on 11 September 2014 and 31 March 2015 but they still didn't respond so it froze their account. It told them it would do this.

In September 2015, it received a payment of £336 from one of their customers. It couldn't pay the money into their account because it was frozen so it sent them a cheque made payable to the business. At that point, they contacted HSBC and provided some of the information it'd asked for but it wasn't enough. HSBC wrote again on 28 September 2015 asking for more information but they didn't respond.

In December 2015, HSBC gave them notice it would be closing their account. It closed their account in April 2016.

There's a disagreement between HSBC and Mr and Mrs R about whether they returned the questionnaire. They said they did. They might have done but I don't think HSBC would've sent them two chasing letters if it had received it. Anyway, by September 2015, they clearly knew it wanted information and they did provide some of it.

But in a letter of 28 September 2015, HSBC also asked for further details about the business. Mr and Mrs R said it asked if the business received cash payments and they answered that question. But this letter asked for other information such as VAT registration number and customers. There's no evidence confirming they replied to this letter.

I realise they might have felt they'd already provided the information when they opened the account but if HSBC was asking them to provide it again then I think they should've done so.

For these reasons, I think HSBC were entitled to close their account. And since it's followed its procedures by giving them notice, I can't say they've done anything wrong.

I also think it's offer is a fair and reasonable way to resolve this complaint.

I've seen the letter HSBC sent in January 2016 saying it would renew their overdraft facility for a further twelve months. I can see why they might've been confused by this letter. But I agree with our adjudicator that it isn't enough, on its own, to suggest HSBC had decided not to close the account.

I'm afraid I'm not upholding the poor service complaint either. HSBC's notes show Mrs R failed the telephone security checks and that's why it wouldn't speak to her on the phone. And though I'm sure they went to the local branch, there's no details about precisely what happened so I can't say the staff were unhelpful.

I'm sorry this will be disappointing news for the Mr and Mrs R but I hope the reasons for my decision are clear.

my final decision

My final decision is that HSBC Bank Plc has made a fair and reasonable offer to settle this complaint. I won't be asking it to do anything more.

It remains open to Mr and Mrs R to accept its offer to pay a total of £609.62 directly to the debt collection agency to reduce their debt.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs R to accept or reject my decision before 24 May 2017.

Razia Karim
ombudsman