

The complaint

Mr D complains that HSBC UK Bank Plc (trading as First Direct) unfairly closed his accounts and have not provided him with a proper explanation about why it did so. He says this caused him financial problems and inconvenience.

What happened

Mr D had a personal current account, savings account, and credit card with First Direct.

In February 2023, First Direct reviewed Mr D's accounts. Following its review, on 14 February 2023, it decided to close Mr D's accounts immediately, and released Mr D's closing balance of just over £500 back to him.

Mr D complained to First Direct about the closure of his accounts and asked for an explanation about why the bank no longer wanted him as a customer. He pointed out that he'd been a loyal customer of the bank for nearly thirty years and the immediate closure of his accounts had left him without a bank account and unable to pay his bills.

At the time his accounts were closed Mr D said he was overseas caring for his elderly parents who had health conditions. So, the closure of his accounts made an already challenging situation more difficult. He said he can't think of any reason why First Direct would close his account, and that the bank should have at least given him more notice so that he had time to make alternative banking arrangements.

In response, First Direct didn't provide Mr D with much information about why it had closed his accounts. And said it had acted in line with the terms of the account and relevant regulations when it had closed the accounts. First Direct also said it didn't have to provide Mr D with the reasons behind its decision.

Mr D wasn't happy with the bank's response and brought his complaint to this service. He wants First Direct to provide him with a proper explanation about why it closed his accounts and to apologise for its actions.

One of our investigators reviewed the complaint. She thought First Direct should have given Mr D more notice when it had closed his account. So, she said First Direct should pay Mr D £100 compensation for any trouble and upset he'd suffered. Mr D didn't agree. He said he's not interested in compensation and wants to know why First Direct closed his account. And he wants the bank to issue a meaningful apology to him.

HSBC also disagreed with the investigator's view and maintained it hadn't done anything wrong. The bank provided the investigator with some more information regarding its decision making process. The investigator reviewed this and decided that First Direct hadn't done anything wrong when it closed Mr D's account immediately. So didn't uphold Mr D's complaint.

Mr D disagreed. He maintains that he has been treated unfairly and wants to know why First Direct closed his accounts. And he wants an apology from the bank.

As no agreement could be reached the complaint has come to me to decide.

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.

I would add too that our rules allow us to receive evidence in confidence. We may treat evidence from financial businesses as confidential for a number of reasons – for example, if it contains information about other customers, security information or commercially sensitive information. It's then for me to decide whether it's fair to rely on evidence that only one party has seen. It's not a one-sided rule; either party to a complaint can submit evidence in confidence if they wish to, and we'll then decide if it's fair to rely on it. Here, the information is sensitive and on balance I don't believe it should be disclosed. But it's also clearly material to the issue of whether First Direct has treated Mr D fairly. So, I'm persuaded I should take it into account when deciding the outcome of the complaint.

I can see Mr D feels very strongly about his complaint. That's clear from what's he's said to us and to First Direct. Whilst I appreciate Mr D's frustration and how this matter has impacted him, it's important to point out that the only thing in question here is whether First Direct has done what it should have done. And I think it has. I'll explain why.

First Direct are strictly regulated and must take certain actions in order to meet their legal and regulatory obligations when providing account services to customers. They can broadly be summarised as a responsibility to protect persons from financial harm, and to prevent and detect financial crime. They're also required to carry out ongoing monitoring of new and existing relationships.

Following a review, banks and financial businesses sometimes decide to close an account. And that's what has happened here. First Direct isn't obliged to reveal the reason(s) for reviewing Mr D's account. But I've considered the basis for the review, which I find was legitimate and in line with its legal and regulatory obligations. So, I can't say First Direct have done anything wrong when it decided to review Mr D's account.

First Direct is also entitled to close an account with Mr D just as he is entitled to close his account with First Direct. But before First Direct closes an account, they must do so in way which is fair and complies with the terms and conditions of the account. I've looked at the terms and conditions and they state that First Direct could close the accounts immediately in certain circumstances and by giving at least two months' notice.

In this case First Direct closed Mr D's accounts without notice. First Direct wrote to Mr D in February 2023, informing him that it was closing his accounts immediately and that he'd need to make alternative banking arrangements. For First Direct to act fairly here they needed to meet the criteria to apply their terms for immediate closure – and having looked at these terms and all the evidence that the bank has provided, I'm satisfied that First Direct did. And that it was entitled to close the account as it's already done.

I've then gone on to consider whether the bank's reasons for closing the accounts was fair. This can be due to a number of reasons and a bank isn't obliged to give a reason to the customer. Based on what First Direct has shared with this service, I'm satisfied their actions were reasonable in the circumstances. And the bank's decision to stop providing Mr D with

banking facilities was reached legitimately and fairly. So, I won't be asking First Direct to reopen Mr D's account or apologise to him.

I understand of course why Mr D wants to know the exact reasons behind First Direct's decision, other than what he's been previously been told. And I can see that Mr D has asked First Direct to explain itself on several occasions. But First Direct doesn't disclose to its customers what triggers a review of their accounts. And it's under no obligation to tell Mr D the reasons behind the account review and closure, as much as he'd like to know. So, I can't say it's done anything wrong by not giving Mr D this information. And it wouldn't be appropriate for me to require it to do so.

In summary, I realise Mr D will be disappointed by my decision. But having looked at all the evidence and circumstances of this complaint, I can't conclude that First Direct have treated Mr D unfairly when it closed his accounts without notice. So, I won't be telling First Direct to do anything to resolve Mr D's complaint.

My final decision

For the reasons I've explained, my final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 20 February 2024.

Sharon Kerrison
Ombudsman