

The complaint

J, a limited company complains that HSBC UK Bank Plc unfairly restricted its bank account and failed to provide a letter confirming that a specific direct debit had been set up.

J is represented in its complaint by a director, Mr K.

What happened

In early 2023, HSBC restricted J's bank account after a customer raised fraud concerns about a historic payment they had made to J. Mr K says that the allegation of fraud and restriction of J's account had a negative impact.

HSBC issued a final response on 17 January 2023. HSBC said that it had restricted J's account in line with its statutory requirements and that it could not provide further information or timescales.

Mr K subsequently complained to HSBC that it had failed to provide a letter confirming that a specific direct debit had been set up from J's account. HSBC responded on 17 August 2023 to confirm that it had set the direct debit up. HSBC followed this up with further confirmation in September 2023.

Our investigator didn't recommend that J's complaint be upheld. She didn't think HSBC acted unreasonably when it restricted J's account after a customer raised a payment dispute.

Our investigator also explained that HSBC could not provide a free format letter about the direct debit payment as this was not in line with current policy. Our investigator thought that HSBC had tried to accommodate J by confirming in its final response letter that the direct debit had been set up.

Mr K was unhappy with the investigation outcome. He could not understand how HSBC had restricted J's account without contacting him first. Mr K thought that HSBC's decision to restrict the account had been influenced by personal connections with J's customer.

Mr K wanted HSBC to compensate J for the losses incurred during the account restriction. Mr K said he was left without money at a time when he was dealing with a serious family medical issue.

In early December 2023, our investigator sent J a second view. She explained that the Financial Ombudsman Service could not consider J's complaint about the restriction of its account as the complaint had been referred to us more than six months after HSBC's final response.

Mr K disagrees with the second view. He says that HSBC has continued to engage with J's complaint within the last six months. Mr K says that HSBC ignored his request to allow him to withdraw money when he needed to take his child to hospital.

The time limits we must apply

I should first say that I am very sorry to learn of the personal difficulties that Mr K has faced. However, the Financial Ombudsman is bound by a rules laid down by the regulator - the Financial Conduct Authority. These are known as the DISP rules and they set out what complaints we can and can't consider.

The relevant rule here is DISP 2.8.2 which says that a complaint must be made within six months of the respondent issuing its final response. If a complaint is made after this time limit has expired, we can't consider it unless the respondent consents or if we consider there to be exceptional circumstances for the delay.

When Mr K brought J's complaint to us in September 2023, he complained about the restriction of J's account and HSBC's failure to provide a letter confirming the direct debit had been set up.

The final response dealing with J's complaint about the restriction of its account is dated 17 January 2023. This means that J had until 17 July 2023 to come to the Financial Ombudsman Service. However, we did not receive J's complaint about the restriction of its account until early September 2023. As more than six months has passed, this aspect of J's complaint has been made out of time under the DISP rules.

Although Mr K says that HSBC has engaged with him about J's complaint within the last six months I haven't seen anything to suggest that HSBC withdrew its final response. I also note that by email of 22 February 2023, HSBC reminded Mr K he had six months from the date of its previous correspondence in January 2023 to refer J's complaint to the Financial Ombudsman. And the final response which HSBC sent to J in August 2023 dealt purely with J's complaint about the direct debit confirmation and didn't refer to the earlier complaint about the account restriction.

Mr K has provided a copy of an email from the contact team at HSBC dated 7 September 2023 which refers to a complaint having been reopened. This email was sent after the six month period had already expired so it doesn't change my decision that J's complaint about the account restriction has been brought out of time.

HSBC didn't give its consent to us looking into J's complaint about the restriction on its account. So, I have to consider if the reason J didn't bring its complaint to us within our time limits was because exceptional circumstances meant it was unable to do so.

I appreciate that Mr K was going through some medical issues with his children in late 2022 and early 2023. I don't in any way seek to downplay the stress that he was under during this time. But I'm mindful of the fact that Mr K remained in contact with HSBC. He also brought another complaint to the Financial Ombudsman which was ongoing during February 2023. This indicates to me that Mr K was not prevented from bringing J's complaint to our service before the six month period had expired.

As I haven't found exceptional circumstances that mean I can set the time limit aside, it follows that I cannot consider J's complaint about the restriction of its account.

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.

Mr K complained to HSBC in mid-August 2023 that it had not provided a letter to say that a direct debit in favour of a third party had been set up. HSBC confirmed by email that the direct debit had been set up but Mr K wanted HSBC to complete a template letter provided by the third party.

Although HSBC initially said that it would deal with the request, HSBC later explained that it could not provide customers with free format letters on bank headed paper as these present a high risk of fraud. I agree with our investigator that it was not unreasonable for HSBC to refuse to provide the letter to J in line with its own policy. Particularly as HSBC had already confirmed to Mr K that the direct debit had been set up. It follows that I don't uphold this aspect of J's complaint.

My final decision

For the reasons I've set out here, I've concluded the following:

- I can't deal with this complaint insofar as it relates to HSBC's restriction of J's account
- I don't require HSBC UK Bank Plc to take any further action to settle the part of J's complaint that has been brought in time.

Under the rules of the Financial Ombudsman Service, I'm required to ask J to accept or reject my decision before 5 February 2024.

Gemma Bowen
Ombudsman