

The complaint

K, a limited company, complains that HSBC UK Bank Plc closed its account without warning.

K has been represented in this complaint by one of its directors, Mr M.

What happened

In May 2022 K's two current directors were appointed, replacing the two previous directors. In the same month, K changed its registered office. In October 2022 HSBC wrote to K, asking it to complete a safeguarding review online. Not having received a response, it sent a reminder in early November 2022. It followed this, in January 2023 with a letter giving K 65 days' notice that its account would be closed. The account was closed in March 2023 and HSBC sent K a cheque for the closing balance.

K complained to HSBC. HSBC's final response to K's complaint was addressed to Mr M, but sent by email to one of the former directors of K, who forwarded the response to the current directors. HSBC said that all the letters about the safeguarding review had been sent to K's statement address, and that it hadn't had any returned correspondence from the postal service.

Mr M says that the first K knew of the account closure was at the end of March 2023 when he logged on to internet banking to check the balance and to process wage payments, only to discover that he couldn't access the account. He says that aside from a single letter about a direct debit received in February 2023, the first correspondence K received from HSBC was a statement a few days before the final response was issued, detailing transactions up to closure of the account. He believes that HSBC may have been writing to an old address, and that either K's complaint or the closure of its account triggered something within HSBC which resulted in it suddenly beginning to receive post in early April 2023.

Mr M also believes that problems with updating K's mandate may shed some light on the situation. He's told us that by late summer 2022 K had sent a completed mandate and contact details to HSBC three times, as HSBC rejected the mandate twice. And not long before the first request to complete the safeguarding review, K had tried several times to move its account to another bank, but HSBC had rejected the switch on the grounds that the account party names didn't match. Mr M says that the first time the switch was rejected HSBC admitted that it hadn't removed one of the previous directors, even though it had been instructed to do so. But the switch was still rejected on several further occasions, even after HSBC confirmed that Mr M and his co-director were the only people on the mandate.

K says the closure of the account led to significant difficulties paying employees' wages, as it had no access to their details. He says K had to borrow money from another linked business to pay wages to K's staff and the closure of the account without notice led to cashflow difficulties

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.

Having done so, I'm not upholding the complaint. I'll explain why.

UK banks are subject to strict legal and regulatory controls. This means that they sometimes need to review customers' accounts and request information. It's not the role of this service to interfere with the regulatory checks that a bank is required to comply with. And HSBC was entitled to make a commercial decision to close K's account on giving the required notice, as it did here.

I've seen the letters HSBC sent K in October and November 2022, asking it to complete the safeguarding review and the letter dated January 2023, giving notice of closure of the account. They are addressed to K's business address, in exactly the same way as a letter sent in February, which Mr M has confirmed that K received. I'm satisfied from HSBC's internal records that the letters were sent by post. And I'm satisfied, on balance, that if they'd been returned to sender, this would have been shown in HSBC's records.

It's possible that none of the letters were correctly delivered, but I think this unlikely. And I don't consider that HSBC can fairly be held responsible even if they were misdelivered. HSBC has also mentioned that an on-screen banner would have shown between October 2022 and March 2023 when the primary user of K's account logged on. And I don't consider that I can fairly hold HSBC responsible if the banner wasn't seen, or if it was overlooked.

I have noted that there was some difficulty in setting up a new mandate for K following the change of directors. I also acknowledge that there were problems with K's account switch, the reasons for which aren't fully clear. But that's a separate issue. This complaint is about HSBC's closure of the account, which K says it wasn't warned about. I've explained that I'm satisfied that several letters asking K to complete the safeguarding review and warning of the potential consequences of not doing so were sent to K, to the address that K has confirmed is correct.

Mr M has pointed out that although HSBC's final response to K's complaint was addressed to him, it was sent to the email address of one of the previous directors of K. But it was up to K to ensure that its contact details were up to date.

Mr M has commented that HSBC confirmed more than once that the previous director had been removed from K's mandate. Mr M and his co-director's residential and email addresses were shown on the new mandate, signed in July 2022. But an amendment to a mandate is an amendment to who is entitled to sign payment instructions on behalf of the client business. It doesn't automatically entail a change to a business's contact details. And given that the previous directors were no longer involved with the business, I think it would have been reasonable to expect K to ensure that all contact details that HSBC held for the business, including email addresses, were amended promptly after the previous directors resigned.

Although HSBC's records show that K informed HSBC of its new correspondence address in July 2022, I've seen no evidence that K amended its contact email address or asked HSBC to do so. In the circumstances, I don't consider that HSBC was at fault in sending the final response to K's complaint to an out-of-date email address.

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 K to accept or

reject my decision before 9 February 2024.

Juliet Collins
Ombudsman