

## **The complaint**

C, a limited company, complains that HSBC UK Bank Plc closed its bank account without giving it clear information about how the closure could be avoided.

C has been represented in its complaint by its director, Mr S.

## **What happened**

In September 2022 HSBC received notice from Companies House that C had been struck off and dissolved. On receipt of the notice HSBC restricted C's account and wrote to C to say that its accounts had been frozen. It explained that no debit transactions would be presented for payment, and any further credits might be returned. Once the money had been removed from the accounts in preparation for payment to the Government Legal Department, as required by the Companies Act, C's accounts would be closed. C would then need to apply for a new account. HSBC provided a contact number and said that if C was seeking restoration as a registered company, it should contact HSBC immediately to avoid closure of the account.

Mr S phoned HSBC a few days later, as he'd been unable to make a payment from C's account. HSBC explained that the account was blocked because it had been informed by Companies House that C had been dissolved. Mr S said he was working abroad. He said he was aware that there had been a potential issue with the filing of C's accounts, and it seemed it hadn't been sorted out. He asked what he needed to do. HSBC's agent told him that he'd need to speak to C's accountant and to Companies House and once the position had been rectified, he could call HSBC back. Mr S mentioned that he had multiple direct debits which needed to be paid, and said he would phone C's accountant straight away and get the issue sorted out.

HSBC didn't hear anything further from C, and 14 days after sending the letter warning of closure, it closed C's account. C was restored to the Companies Register eight days after HSBC closed its account. A few days later, Mr S phoned HSBC but was unable to pass security. HSBC wrote to him the following day to say that his telephone banking security number was locked, and couldn't be reset, as C's account had been closed. It said that if C wished to continue banking with HSBC, it would need to apply for a new account.

HSBC accepts that in a phone call nearly two weeks after C was restored, it gave Mr S incorrect information about accessing the funds that had been in C's account. It wrote to Mr S later that day to apologise, and it explained that it hadn't yet sent the money from C's account to the Government Legal Department, and that as C had now been restored to the register, it would send C a cheque which it could pay in at its account with another bank.

After C brought its complaint to us, HSBC offered to pay it £100, as it accepted that its communication with C could have been better following the closure of the account. But Mr S doesn't consider this to be enough.

Mr S is unhappy about the suspension and closure of C's account, and he says that HSBC repeatedly gave C incorrect information about how it could restart the account and keep access to its funds. He says that if HSBC had given C correct information about how to deal with the situation, the impact would have been substantially reduced. He says C has lost income, and that its reputation, access to contractors and ability to borrow money have all been severely affected. This has resulted in medical issues for members of C's workforce. Mr S would like an apology and compensation from HSBC.

One of our investigators considered C's complaint, but didn't think it should be upheld. In summary, he thought that HSBC had acted in accordance with its regulatory obligations and the terms and conditions of C's account. He said that following the closure, HSBC had been correct to tell C that it would need to apply for a new account if it wished to continue to bank with HSBC. And he thought HSBC's offer of £100 was fair to reflect the fact that its communications could have been better.

Mr S disagreed with the investigator's view, so the complaint's been passed to me.

### **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 asking HSBC to do more than it has already offered to do. I'll explain why.

Banks in the UK are required to take certain actions to meet their legal and regulatory responsibilities. In this case Companies House told HSBC that C had been dissolved. That meant that C was no longer a legal entity, and HSBC could no longer act on its instructions. HSBC had no choice but to restrict C's account, and it wrote to C at the address that it held on record for C to tell it what had happened.

Mr S mentioned when he complained to this service that C had been told that the necessary papers hadn't been sent to Companies House and that it would be closing C down. HSBC only froze C's account when Companies House notified it that C *had been* dissolved. So I think C was aware before the account was frozen that Companies House would be dissolving C.

HSBC only has a record of one phone call with Mr S between HSBC being informed by Companies House that C had been dissolved and HSBC closing C's account. That was the phone call that Mr S made because he'd been unable to pay a bill from the account.

I've listened to the call. HSBC's agent told Mr S that he'd need to speak to C's accountant and Companies House to resolve the issue, then get back to it. And Mr S said that he would get the issue sorted out.

HSBC could only remove the restriction from C's account if it received a direct request from Companies House to do so. C was eventually restored to the register, but not until eight days after HSBC had closed its account.

Mr S mentioned in the phone call that multiple direct debits were due to be paid from C's account, and he said he'd speak to C's accountant straight away. I think it's clear that he was aware that C would need to take urgent action to resolve the issue at Companies House before it could use its bank account again. And I think it's fair to assume, in the circumstances, that C acted as quickly as it could to be restored to the register. Taking everything into account, I think it unlikely, on balance, that C could have been restored to the register in time to prevent the account being closed.

The root cause of the issue was that C had been struck off because it hadn't filed documents, as required by Companies House, on time. I don't find that HSBC was at fault in closing the account. And following the closure, the only way for C to bank with HSBC was to open a new account. HSBC has acknowledged that Mr S was given incorrect information about accessing the closing balance on the account when he spoke to HSBC in late October 2023. But HSBC promptly acknowledged the mistake and arranged for a cheque to be sent to C for the closing balance on its account. And I consider the £100 that it's offered C by way of apology is fair.

### **My final decision**

My decision is that HSBC UK Bank Plc should pay C £100, as it has offered to do.

Under the rules of the Financial Ombudsman Service, I'm required to ask C to accept or reject my decision before 13 February 2024.

Juliet Collins  
**Ombudsman**