

The complaint

Mr M complains that HSBC UK Bank Plc closed his account without notice.

Mr M wants HSBC to pay significant compensation together with the balance in the account.

What happened

Mr M is a sole trader, trading as I. Mr M held a business bank account with HSBC. In 2020 and 2021 HSBC carried out a safeguarding review but didn't hear back from Mr M. HSBC told Mr M that it would close his account in May 2021.

HSBC then agreed to reopen the safeguard review later in 2021 but it sent an incorrectly addressed email to Mr M. As Mr M didn't receive the email, he didn't engage with the review and HSBC subsequently closed his account in December 2021.

Before this service became involved, HSBC apologised to Mr M and paid £1,000 compensation. Mr M said he accepted HSBC's offer on the basis that it reopened his account.

Mr M says that HSBC started to reinstate his account but he didn't hear anything back. HSBC says that due to the time that has passed, it can't just reopen Mr M's account and he would have to reapply for a new account.

The investigator didn't recommend that Mr M's complaint be upheld. In summary, he said that HSBC sent Mr M letters concerning the online safeguard review before notifying Mr M that the account would close in May 2021. HSBC granted Mr M an extension of time to complete the process but sent emails about the review to the wrong email address.

The investigator agreed that HSBC made mistakes when dealing with Mr M's account but thought that £1,000 compensation was more than he would have recommended.

Although Mr M says that HSBC started to reinstate his account in 2022, HSBC disagrees. It says it received some safeguarding information in 2022 but that this wasn't at HSBC's request as by that time, Mr M's account was already closed.

Mr M disagrees with the investigator's recommendation. He says he set up telephone banking and used it regularly until HSBC ended it.

Mr M says he didn't receive any letters from HSBC, including the letter enclosing the cheque for the account balance. So, Mr M says HSBC should pay interest on the account balance.

Mr M says HSBC charged account fees at the same time as preventing him from using the account. Mr M says these fees should be refunded.

Mr M has provided tracking information to show he sent evidence to HSBC in January 2022.

The investigator didn't agree that telephone banking was set up as HSBC had already closed the account. The investigator said HSBC couldn't be held responsible for letters not

arriving. The investigator appreciated that Mr M sent HSBC the information it required but that this was after it had already closed the account.

The investigator said that as a complaint regarding the charging of fees hadn't previously been received by HSBC, Mr M would first need to raise his concerns with HSBC or provide evidence that he'd already done so.

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 realise that I've summarised this complaint in less detail than the parties and I've done so, using my own words. I've concentrated on what I consider to be the key issues. The rules that govern this service allow me to do so. But this doesn't mean I've not considered everything that both parties have given to me.

HSBC agrees that it made some mistakes when carrying out the safeguard review, in particular sending emails to the wrong email address. I don't think it's particularly helpful to go back over everything in detail. Instead, I am looking at whether HSBC has now done enough to put things right for Mr M.

HSBC says that given the time that has passed it's not possible to simply reopen Mr M's account and I accept this to be correct. So, I've thought about whether HSBC's compensation payment of £1,000 is a reasonable way to resolve this complaint.

The compensation falls within the range of award we might make where the business mistake has caused substantial upset and possibly serious offence and disruption has been caused over several months. I appreciate Mr M would like HSBC to pay a figure nearer £10,000 but I don't think an award of that size is justified, particularly as HSBC gave Mr M several opportunities to complete the safeguard review throughout 2020 and 2021 before it sent the incorrectly addressed email.

I think £1,000 is a fair reflection of the impact felt by Mr M when he hasn't been able to access his HSBC bank account and had to spend time trying to sort the issue out. Particularly as it appears Mr M had access to an alternative bank account from at least August 2022. So, I imagine this would have lessened the impact of the account closure on him.

Although Mr M says that telephone banking was set up again, this isn't what HSBC says happened. And I can see from one of HSBC's notes that it confirmed to Mr M in February 2022 that registering a telephone banking security number would not reopen a closed account.

Mr M says that he was threatened with legal action by a third party that he owed money to. I understand that this was upsetting but Mr M was able to pay the outstanding bills using other funds. So, I still think £1,000 compensation fairly reflects the impact HSBC's mistakes had on Mr M.

I've thought about Mr M's request for interest to be paid on the balance in his account. HSBC's records show that it sent the closing balance to Mr M by cheque at the address it held on file. Although the cheque wasn't cashed, I can't say that this was HSBC's fault so I don't require it to pay interest on the balance, particularly as it doesn't have any record of Mr M raising concerns over where the payment was.

HSBC asked Mr M to confirm which bank account it should pay the balance to. Mr M has confirmed that his bank account details remain the same as those he gave to HSBC in August 2022. So, I will ask our investigator to send Mr M's bank account details to HSBC if he hasn't already done so. HSBC should then pay the closing balance to Mr M as agreed.

I note Mr M's concerns about the fees and interest that he was charged during the time that his account was restricted. Like the investigator, I can't see that this formed part of Mr M's complaint to this service. However, I can see that when HSBC emailed Mr M in July 2022, it said it had already refunded some charges and interest for the period that the account was restricted. HSBC said it had calculated that it still owed Mr M just under £20. So, if Mr M hasn't received this refund, he should let HSBC know.

My final decision

For the reasons given above, my final decision is that HSBC UK Bank Plc has already done and offered enough to put things right. HSBC has already paid Mr M £1,000 compensation. So, if hasn't yet done so, HSBC should pay Mr M the balance in his account.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 10 August 2023.

Gemma Bowen
Ombudsman