

The complaint

Mr D complains that HSBC UK Bank Plc (HSBC) refused to open an account for him.

What happened

Mr D applied to open a new current account with HSBC. HSBC's checks highlighted Mr D's previous relationships with them and so asked him to provide more information as to why the new account was needed. Mr D felt his reasons for opening the account were irrelevant and so declined to provide the information and raised a complaint about HSBC's account opening procedures.

HSBC responded explaining that they wouldn't be able to open the account until Mr D gave the information. They once again offered Mr D the opportunity to provide it. Mr D was unhappy with HSBC's response and so escalated the complaint to our service.

One of our investigators considered Mr D's complaint and concluded HSBC hadn't done anything wrong.

She explained HSBC had a "Know Your Customer" procedure which they had to follow and had asked questions in line with that policy. HSBC gave Mr D a number of opportunities to provide the information they needed but Mr D decided not to provide it. Our investigator concluded HSBC were acting fairly and reasonably in saying they wouldn't open an account. She also confirmed this service couldn't ask HSBC to change their processes but could investigate whether Mr D had been treated differently to any other customer in the same position as him. She concluded Mr D had been treated no differently.

Mr D remained unhappy with the outcome of the complaint and so asked for it to be passed to an ombudsman for review.

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, although I realise this will come as a disappointment to Mr D, I've decided that HSBC haven't treated Mr D unfairly and so I won't be asking them to do anything further.

It's clear that Mr D is keen to have this account opened with HSBC, but, just as Mr D is free to decide who he banks with, HSBC is entitled to decide who it offers products and services to.

Ultimately, what I need to decide is whether HSBC treated Mr D fairly in refusing to open the account he wants. The starting point here is that a financial institution has a responsibility to understand who they're dealing with and why. That responsibility comes from the Financial Conduct Authority (FCA) Handbook which says a business should carry out customer due diligence checks.

HSBC got most of the information they needed through Mr D's application. But, after checks were made, HSBC concluded they needed to understand the reason why the account was required before they were willing to provide it to Mr D. Having considered what they asked for and why – I'm satisfied that the question they asked was reasonable in the circumstances.

Mr D was unwilling to share the information with HSBC and so HSBC haven't been able to satisfy their own requirements. So, while I've considered Mr D's reasons that he didn't want to provide HSBC with this, I don't think they've acted unfairly in declining to open the account here. I'm satisfied that in dealing with Mr D's request to open a new account, HSBC have treated him fairly and in the same way as they would've any other customer.

My final decision

My final decision is that I do not uphold this complaint and I'm not asking HSBC UK Bank Plc to do anything further.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 14 December 2023.

Stephen Farmer
Ombudsman