

The complaint

Mr W complains HSBC UK Bank Plc (“HSBC”) restricted and then closed his credit card, ISA and online savings accounts.

What happened

HSBC restricted Mr W’s accounts. It is unable to say when it did so for Mr W’s credit card, ISA and savings account. On Mr W’s joint account – which has been decided on a separate reference at this service – HSBC restricted the account from 13 January 2020 for fifteen days and then again on 23 March 2020 for eight days.

Later, in April 2020 Mr W was given notice that his accounts would be closed in two months.

Unhappy with HSBC’s actions Mr W complained. HSBC did not uphold Mr W’s complaint, so he referred it to this service. As I’ve said, Mr W’s joint account complaint was decided under a separate reference at this service, and this complaint was set-up for his HSBC accounts held in his sole name.

One of our Investigator’s looked into Mr W’s complaint, and in summary they found:

- It’s likely Mr W’s sole accounts were restricted during the same periods as that of his joint account
- HSBC is entitled to review its customers’ accounts and suspend them whilst doing so as it has regulatory obligations to comply with
- The reviews of Mr W’s accounts were carried out in a timely manner
- The terms of the accounts say they can be closed for any reasons as long as two months’ notice is given. Mr W was given two months’ notice allowing him time to make alternative banking arrangements
- HSBC is under no obligation to give a reason for its actions

Mr W did not agree with what our Investigator said. Some of the key points he makes are:

- HSBC didn’t treat him fairly given its actions occurred in the pandemic and it didn’t do enough to consider his customer profile and personal circumstances which caused him financial hardship
- HSBC should provide a reason for its actions, and by not doing so isn’t transparent
- He is a long-standing customer who has always acted diligently and appropriately
- The UK Government has now said it will make changes to the law requiring banks to explain why they are closing accounts

I note Mr W has made several arguments about how banks close accounts and the

imbalance this causes between them and its customers. My role here is to consider the individual merits of this complaint. How the industry is regulated is the role of the Financial Conduct Authority.

As Mr W didn't agree, his complaint has now been passed to me to decide.

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've decided not to uphold Mr W's complaint. I know this will disappoint him, and I note he feels strongly about it, so I'll explain why.

I'm very aware that I've summarised the events in this complaint in far less detail than the parties and I've done so using my own words. No discourtesy is intended by me in taking this approach. Instead, I've focussed on what I think are the key issues here. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

If there's something I've not mentioned, it isn't because I've ignored it. I'm satisfied I don't need to comment on every individual argument to be able to reach what I think is the right outcome. I do stress however that I've considered everything that Mr W and HSBC have said before reaching my decision. It's important to note, my decision focuses only on HSBC's actions regarding Mr W's sole accounts as set-out above.

I would add too that our rules allow us to receive evidence in confidence. We may treat evidence from banks as confidential for a number of reasons – for example, if it contains security information, or commercially sensitive information. Some of the information HSBC has provided is information we consider should be kept confidential.

Banks in the UK, like HSBC, are strictly regulated and must take certain actions in order to meet their legal and regulatory obligations. They are also required to carry out ongoing monitoring of an existing business relationship. That sometimes means banks need to restrict, or in some cases go as far as closing, customers' accounts.

HSBC can't say exactly when it restricted Mr W's accounts. Mr W says they were restricted for at least four weeks if not longer. Where information is not available or inconclusive, I can make a finding based on what I think is most likely to have happened – the balance of probabilities.

Given Mr W's joint account was restricted for fifteen days in January 2020 and then eight days in March 202, and as the correspondence I've seen generally speaks to all his accounts in the round, I'm persuaded his credit card, ISA and online savings accounts were most likely restricted in this way.

Having reviewed the information HSBC have given me, I'm satisfied that it acted in line with its obligations and did so properly when restricting Mr W's accounts in the way it did. I also think that it did so in a timely manner. I note the timing of its actions coincided with the pandemic, and alongside the other personal circumstances Mr W has described, this caused him an exacerbated level of distress and inconvenience.

I appreciate this must have undoubtedly been a difficult and highly stressful time for Mr W and I'd like to assure him that I haven't underestimated the impact this had on him. But HSBC has important legal and regulatory obligations to meet, and its actions here are in line

with that.

HSBC is entitled to close an account just as a customer may close an account with it. But before HSBC closes an account, it must do so in a way, which complies with the terms and conditions of the account.

The terms and conditions of the accounts, which HSBC and Mr W had to comply with, say that it could close the account by giving them at least two months' notice. And in certain circumstances it can close an account immediately or with less notice.

Once it had concluded its reviews, HSBC gave Mr W two months' notice of its intention close his accounts. Mr W had access to his accounts during this time. So given what the terms say, I'm satisfied HSBC fairly applied them here.

I do appreciate this matter would've caused Mr W difficulty – as I've alluded to earlier. But having looked at what's happened in this particular case, I can see no basis on which I might make an award against HSBC given that I don't think it failed to properly follow its own procedures when it restricted and later closed Mr W's accounts.

I know Mr W would like to know the reason why HSBC took the actions it did. But I'm not aware of any obligation under which I, or HSBC, should disclose this.

Lastly, I note Mr W says the Government has recently said it will make changes to the law requiring banks to explain why they are closing accounts. I'd like to assure Mr W that we are aware of the current events.

But in deciding this complaint I've considered the most relevant rules and regulations at this time as well as what I think is fair and reasonable in the circumstances of it.

Whilst no changes have been introduced by the government, I would like to make Mr W aware that any changes introduced in the future won't likely affect events or accounts closed before the changes.

My final decision

For the reasons above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 29 September 2023.

Ketan Nagla

Ombudsman