

The complaint

Mr G complains that HSBC UK Bank Plc unfairly blocked and closed his account. He also says HSBC didn't release all the money held in the account back to him. He says this caused him financial problems and he wants compensation.

What happened

Mr G had a personal current account with HSBC.

In August 2022, HSBC reviewed Mr G's account after two credits of £20,000 and £920 were paid into the account. Whilst it completed its review HSBC blocked the account – which meant Mr G couldn't access any money in the account other than any wages or pension payments. During its review HSBC asked Mr G to provide information about the two credits. In November 2022, Mr G told the bank that the money had come from an account he held with another bank. And that it was payment for artefacts he'd sold. But he couldn't provide any evidence to support his explanation.

Whilst HSBC carried on completing its review it received a fraud report from another bank which identified the two payments as fraudulent. That is the holders of the account had been the victims of scams and hadn't authorised the payments. HSBC continued to block Mr G's account whilst it reviewed the information he had provided and the reports from the other banks regarding the scams. Following its review, in January 2023, it decided to close Mr G's account immediately, it returned what was left of the fraudulent funds back to the sending bank and released Mr G's closing balance of just over £600 back to him.

Mr G complained to HSBC about the restriction on his account. He telephoned HSBC to try and find out what was happening with his account and the reasons behind the bank's actions. He said that the money paid into his account had come from another of his bank accounts' and that he intended to send the money on to his business partner who was based overseas. He also said he wasn't able to deposit the cheque for his closing balance as he wasn't able to open another bank account. But said that the cheque doesn't represent all the money that was in his account, so he wants HSBC to return this to him. In response, HSBC said it hadn't done anything wrong and had acted in line with the terms of the account and relevant regulations when it had blocked, closed, and returned the funds to source.

Mr G wasn't happy with the bank's response and brought his complaint to this service. He explained that the restrictions on his account meant his business partner's company had collapsed due to him not being able to send the money that was intended for her. He also said that HSBC didn't update him, allow him access to any money and took too long to complete its review. He wants HSBC to release the other money that was in his account and pay him compensation.

One of our investigators reviewed the complaint. She thought HSBC hadn't done anything wrong when it blocked and closed Mr G's account. She said they'd acted in line with their legal and regulatory obligations. And that it hadn't taken too long to complete its review of his

account. She also said HSBC hadn't done anything wrong in not releasing any other money that had been paid into the account back to Mr G.

HSBC accepted what the investigator said. Mr G disagreed. He said he wants the rest of the money that was paid into his account and a proper explanation for why the bank blocked and closed his account in the first place.

As no agreement could be reached the complaint has come 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.

Firstly, as the investigator has already explained, HSBC has extensive legal and regulatory responsibilities they must meet when providing account services to customers. They can broadly be summarised as a responsibility to protect persons from financial harm, and to prevent and detect financial crime. To fulfil these obligations HSBC may need to review activity taking place on accounts and ask customers for information, for example about payments, and information about the individuals operating the accounts – it's entitled and obliged to carry out such checks. The terms of Mr G's account also permit HSBC to review an account and ask its customers for information.

Fraud is a serious matter, and one way financial businesses and banks can help to tackle fraudulent payments is by restricting accounts when allegedly fraudulent payments are received into them. And that's what happened here. I should also add that HSBC is not required to prove beyond reasonable doubt that Mr G is guilty of a fraud of financial crime before it decided to block his account and carry out a review.

Having looked at all the evidence, I don't believe it was unreasonable in the circumstances for HSBC to block Mr G's account. HSBC has explained that this was its standard procedure, and I accept that it was. I'm satisfied that in doing so HSBC were complying with its legal and regulatory obligations. And it enabled HSBC to consider how best to react to the information it had received from the sending bank about the money that had been paid into Mr G's account. So, whilst I accept, the bank's actions caused Mr G inconvenience and upset when it decided to block his account and asked him to provide information, I can't say the bank did anything wrong and treated him unfairly in doing so.

From looking at the evidence, I can see that Mr G's account was blocked from August 2022 until it was closed in January 2023. I do accept that it was blocked for around six months. But I do not consider that it would be right for me to conclude it should not have taken in excess of any particular or specific timeframe. Because the bank was entitled – as a matter of principle – to do what it did. I'm also satisfied from looking at the available information that HSBC was proactive in completing its review from the time it blocked Mr G's account. So, I can't say HSBC has treated him unfairly in taking the time it has to complete its review. I've also kept in mind that throughout the review Mr G was able to access his pension payments, which I can see he did on more than one occasion, so he wasn't left completely without funds.

I understand of course why Mr G wants to know the exact reasons behind HSBC's actions. And I can see that Mr G has asked HSBC to explain itself on more than one occasion. From looking at the bank's contact notes I can see that HSBC kept Mr G updated about what it was doing by providing him with as much information as it could. But HSBC doesn't disclose to its customers what triggers a review of their accounts. And it's under no obligation to tell Mr G the reasons behind the account review and block, as much as he'd like to know. So, I

can't say it's done anything wrong by not giving Mr G this information. And it wouldn't be appropriate for me to require it to do so.

Mr G says that HSBC have only given back a fraction of the money that was left in his account when it was closed. He says the bank still owes him a significant amount of money and he has been left out of pocket. I've looked at the information HSBC has provided regarding the money that was paid into Mr G's account which confirmed the payments as fraudulent. I've noted too that Mr G has said he can't provide anything showing his entitlement to the money. Without any evidence to show that Mr G was entitled to the money that was paid into his account, I do not find I can fairly ask HSBC to refund the money to Mr G. HSBC sent the funds back to source. This ensures the funds are sent back to the correct person. Based on the evidence I've seen I agree that this was the right action in the circumstances. So, I can't say HSBC has treated Mr G unfairly in doing so and I won't be asking HSBC to refund this money to him.

I've next gone on to consider whether HSBC acted fairly when it closed Mr G's account. It's generally for banks and financial businesses to decide whether or not they want to provide, or to continue to provide, banking facilities to any particular customer. Unless there's a very good reason to do so, this service won't usually say that a bank must keep customer or require it to compensate a customer who has had their account closed.

HSBC have relied on the terms and conditions of Mr G's account in closing the account. The terms and conditions outline that HSBC can close a customer's account with two months' notice, and in certain circumstances they can close an account immediately. In this case, HSBC blocked Mr G's account, and then closed it. So, I consider HSBC closed Mr G's account immediately, since he wasn't able to use the account following the block. For HSBC to act fairly here they needed to meet the criteria to apply their terms for immediate closure – and having looked at these terms and all the evidence I'm satisfied that HSBC did. So, it was entitled to close the account as it's already done and end its relationship with Mr G.

In summary, I realise Mr G will be disappointed by my decision. But having looked at all the evidence and circumstances of this complaint, I can't conclude that HSBC have treated Mr G unfairly when it blocked and closed his account, So, I won't be telling HSBC to do anything to resolve Mr G's complaint.

My final decision

For the reasons I've explained, my final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 8 January 2024.

Sharon Kerrison
Ombudsman