

The complaint

Mr S complains HSBC UK Bank Plc unfairly blocked his accounts, preventing access to funds when he needed them. He is also unhappy his accounts were closed.

What happened

Mr S held a current account and savings account with HSBC. In November 2022 HSBC undertook a review on his accounts and placed a block on them.

HSBC completed its review at the end of November 2022 and in early December 2022 allowed Mr S to transfer his funds from both accounts to an external account he held.

HSBC continued to block his accounts after this time, meaning Mr S couldn't use them, and closed both accounts in late January 2022 without notice.

Mr S says he was unable to return the United Kingdom from abroad because of the blocks. As a result, he says he lost an income stream from a business no longer offering him work, and his son was unable to attend an important medical appointment at a hospital.

On his return to the UK in January 2023, Mr S says he attended branch a few times, but HSBC didn't help him. While he had use of another payment account, he wanted to keep his accounts with HSBC because it is a bank.

HSBC reviewed Mr S' complaint while it was with our service and offered him £100 for not closing his accounts sooner. Mr S rejected the offer and said £1500 was appropriate.

Our investigator found HSBC's offer was fair. In summary, they concluded:

- HSBC carried out its review in line with its legal and regulatory obligations and despite Mr S' assertion, this wasn't limited to 30 days. It was able to block his accounts to carry out a review.
- HSBC completed its review without causing unnecessary delay and released Mr S' funds to him in early December. As HSBC acted in line with its obligations, it wasn't fair to award compensation because of the impact not having use of the funds had on Mr S.
- HSBC didn't have to give reasons to Mr S for carrying out a review and didn't have to give reasons for closing the accounts. But after considering their reasons, they were legitimate.
- Mr S said he borrowed money to buy flights back to the UK in January 2023. But HSBC released his funds in early December 2022, so he hadn't shown he borrowed money to purchase flights because of HSBC's actions.
- HSBC acted in accordance with its terms and conditions when closing Mr S' account.

Mr S asked for a final decision from an ombudsman, so his complaint is now with 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.

I've decided that the offer HSBC made to Mr S is fair. I'll explain why.

HSBC has important legal and regulatory obligations. To carry out its responsibilities it may carry out a review, and its common industry practice for banks to prevent customers accessing funds during reviews.

HSBC has no current obligation to provide reasons for carrying out a review and blocking Mr S' accounts. So, I'm not directing HSBC to provide its reasons to him as a result of him bringing his complaint to our service. I have, however, considered their reasons and find they weren't unlawful or irrational.

There are two aspects to HSBC's review of Mr S' account. The first is whether it caused undue delay before deciding to release the funds to Mr S. And the second aspect is HSBC continuing to block the accounts after this point up until it closed his accounts.

Having reviewed HSBC's actions up until the release of Mr S' funds, I don't find there was an undue delay. I appreciate Mr S wanted use of the funds for important reasons such as buying a flight back to the UK. But while this is unfortunate, I'm not awarding him compensation because I find HSBC were able to block his account for the period in question.

I've listened to what Mr S said a solicitor told him, but I disagree that banks are obliged to release funds within the limited timeframes he described.

HSBC admit they should have closed Mr S' accounts soon after releasing the funds they held. I appreciate Mr S would have been frustrated by trying to access his accounts during this time, when this could have been avoided if HSBC had acted sooner.

HSBC offered £100 to make up for what happened. I find this a fair sum. I say this because while blocking Mr S' accounts would have been frustrating for him, it's clear he held another payment account elsewhere and his HSBC accounts didn't hold substantive funds after early December. I also find that much of Mr S' frustration is because he doesn't know why his accounts were blocked and closed. I understand why, but HSBC weren't obliged to tell him its reasons.

HSBC closed Mr S' accounts quite a number of weeks after releasing his funds. They didn't allow Mr S access to the accounts during a notice period, so his accounts were in effect closed immediately. But whether or not HSBC ought to have given Mr S a notice period, he still had use of another payment account, and as he hasn't managed to open another bank account elsewhere, I'm not persuaded a notice period would have made a difference to him finding an alternate bank account.

Mr S believes HSBC closing his accounts stopped him opening bank accounts elsewhere. HSBC say they haven't recorded anything externally in the way Mr S believes, and I haven't seen evidence to show they have. So, I'm not satisfied HSBC actions have stopped him opening accounts up elsewhere.

Putting things right

Subject to Mr S accepting this decision, I require HSBC UK Bank Plc to pay him £100 if they haven't already paid him this compensation.

My final decision

My decision is I uphold Mr S' complaint in part. HSBC UK Bank Plc must pay compensation to Mr S according to my above instruction.

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

Liam King
Ombudsman