

## **The complaint**

T, a limited company, says HSBC UK Bank Plc unfairly blocked its business account. That meant T was prevented from paying its bills until the restrictions were released.

## **What happened**

T held a business account with HSBC. In late 2022, HSBC contacted T to confirm some details about its business by March 2023. HSBC referred to this review process as ‘*Safeguard*’.

There were issues with HSBC being able to verify the information T had provided, so it ultimately provided notice that it would close the account in May 2023 unless they were resolved. HSBC agreed to extend the deadline to June 2023, by which time it successfully completed the review. T’s account was unblocked in mid-May.

T eventually brought a complaint to this service as it was unhappy with HSBC’s response. Our investigator felt that HSBC had valid concerns including around the details T had provided and that it couldn’t fairly have unblocked the account any sooner than it did.

T didn’t accept the investigator’s findings. It said there were no issues with the information it had sent to HSBC and that the unblocking of the account had been unnecessarily delayed. As such, the complaint was passed to me to review afresh and reach a decision.

## **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 don’t uphold the complaint. I’ll explain why.

I recognise the inconvenience that must have been caused to T in discovering that access to its account had been restricted. And that this would have been compounded by the difficulties in trying to remove these restrictions.

While the problems T had in accessing the account ran for a considerable period of time – and I gather have thankfully now been resolved – I can’t see enough evidence to show HSBC was at fault for the impact of this. It seems, for example, that T didn’t respond to several notifications from HSBC believing they’d been sent by scammers.

T suggests the issue leading to restrictions on the account continuing as being unnecessary, given the information it had provided to HSBC. But UK banks are required by law to undertake certain checks – such as those that gave rise to the issues in this case – to prevent fraud and protect customers. These are important checks for financial businesses to carry out with potentially serious consequences for them, and their customers, if they don’t.

The terms and conditions of the account also set out how HSBC can withdraw services, end the agreement or close the account altogether in some circumstances. These include account holders not giving it adequate information that it's requested.

I've carefully considered what HSBC wanted T to provide and what it received to see if it acted fairly. I note that, in particular, HSBC wanted clarification of whether individuals not referred to by T were, as externally-sourced information indicated to it, shareholders in it. T had initially given the name of just one individual as being the 100% ultimate beneficial owner.

T says HSBC was wrong to obtain information from a third-party when it should have checked the official register of companies. But I think T was entitled to obtain the information from the sources it used, including a widely-recognised firm providing business analysis services.

In any case, the filing history for T for the official register it advocates shows a notification dated September 2022. This shows the individual T mentioned to HSBC as having significant control in 2020. But this doesn't confirm that the individual was the ultimate beneficial owner when HSBC was carrying its Safeguard review in late 2022. According to the official registrar, it wasn't until a confirmation statement was published in May 2023 that all the other individuals had ceased to be shareholders of T. It was at that point that HSBC was prepared to unblock the account.

Taking everything into consideration, I don't believe that HSBC treated T unfairly in seeking clarification as it did before unblocking its account. I'm sorry to hear of the difficulties T encountered in continuing to trade during the period in question, but I don't believe that HSBC unduly delayed the matter.

### **My final decision**

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

Under the rules of the Financial Ombudsman Service, I'm required to ask T to accept or reject my decision before 26 December 2023.

Nimish Patel  
**Ombudsman**