

## **The complaint**

Mr B and Miss H complain about HSBC UK Bank Plc incorrectly advising them to open an executors account and then later closing the account.

## **What happened**

Mr B and Miss H are executors of the estate of the late Mr B, who sadly passed away in 2015.

They set up an account with HSBC so that the late Mr B's grandchildren could have the funds when they turn 18. This was an executors account which didn't earn any interest and Mr B says they followed advice given at a meeting with the HSBC branch manager. He also says they were advised that the funds would sit in this account until their children turned 18 when HSBC would send cheques to the grandchildren.

However, in January 2023, HSBC sent a letter to Mr B and Miss H. They said the account wasn't being used and that it would be suspended in March 2023 unless transactions were processed.

Although Mr B made contact before the deadline, as no account transactions took place, the account was subsequently frozen.

Mr B complained to HSBC, but they said the wrong type of account had been opened and, as an executors account should only be a short-term arrangement, they were satisfied that they correctly applied their policy to freeze the account due to inactivity.

Mr B and Miss H complained to our service as they want the account to remain open, but our investigator thought HSBC had acted appropriately.

Mr B and Miss H remain dissatisfied, so this complaint has been referred to me to look at.

## **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'm not upholding this complaint and I'll explain why.

I should first explain that I can't tell a business to make alterations to their policies, procedures or processes. I also can't tell them to re-open an account. I say this because we aren't the regulator of the financial services industry.

However, what I can do is consider each individual case and, where I think a business hasn't acted fairly and reasonably in the circumstances, my role is to decide what should be done to put right any financial or non-financial losses that a consumer has experienced. So, we can ask a business to pay a proportionate level of redress.

I first considered whether Mr B and Miss H had been incorrectly advised to open an executors account. HSBC are unable to provide any account opening information due to the amount of time that has lapsed. Mr B has some recollection. He recalls meeting with the branch manager and being advised that it was the best account for the purpose of keeping the grandchildren's funds until they were 18.

As the evidence here is incomplete and inconclusive due to the passage of time, I must reach my decision on the balance of probabilities – in other words, what I consider most likely to have happened in light of the available information.

Although Mr B says he was unconcerned about the account not generating interest, I think it more likely than not that there was a miscommunication or misunderstanding when the account was opened, and the HSBC manager recommended the account only as a short-term measure.

I say this because HSBC have recently and helpfully recommended child trust fund accounts as the best place for the grandchildren's funds and the executors account wouldn't earn any interest. Also, it's clear that the purpose of the executors account is for short-term use. This is to enable the collection of money from different accounts and service providers, the sale of assets and payment of any debts outstanding, before distributing the remaining funds to beneficiaries. In addition, due to this purpose, HSBC explain that the account requires activity and should only be open for a maximum of 3 years or once a Will has been fulfilled.

I then considered HSBC's action to close the account. Although I recognise Mr B and Miss H's frustration and disappointment here, I think HSBC's action here was fair and reasonable. This is because, as described above, the account was for the short-term use. Also, HSBC have compliance responsibilities and I'm satisfied that this type of account can't remain open indefinitely, and without activity, as they are prone to fraud. In addition, I can see that HSBC acted within the terms and conditions of the account and they followed their procedures. They communicated in writing with Mr B and Miss H before taking action and gave them the opportunity to keep the account open, albeit transactions were required due to the purpose the account was designed for.

So, having considered all the above I'm not asking HSBC to do any more here.

As stated above I appreciate Mr B and Miss H will be disappointed with this decision and I consider HSBC have offered good advice, by suggesting the funds are moved to a more appropriate account where the grandchildren's funds can grow.

### **My final decision**

My final decision is that I'm not upholding this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B and Miss H to accept or reject my decision before 12 December 2023.

Paul Douglas  
**Ombudsman**