

The complaint

A charity, which I'll refer to as M, complains that HSBC UK Bank Plc closed its bank account following a safeguarding review.

Mrs S, who is a trustee of M, brings the complaint on M's behalf.

What happened

Mrs S told us:

- M held a charity bank account with HSBC for many years.
- In late 2019 or early 2020, she received a letter from HSBC asking her to complete a safeguarding review. She completed the review, and supplied all the documents HSBC asked for.
- She then received another letter asking her to complete a safeguarding review. She rang HSBC and was told the letter had probably been submitted in error.
- She received a series of further letters asking her to complete a safeguarding review – and warning her M's account would be closed if she did not do so. Each time, she contacted the person who had carried out the review and was reassured everything had been submitted and she should ignore the letters.
- HSBC closed the account, and send a cheque for the balance. But the cheque was made out to the wrong payee and couldn't be cashed. That issue has since been resolved.
- HSBC now says that before it closed M's account, it wrote to M explaining that the account's signature mandate needed to be updated – and that the safeguarding review could not be completed unless the mandate was updated. However, she didn't receive that letter. She had been intending to update the mandate, but she saw no urgency in that. From her perspective, the mandate change was something the trustees wanted to do, not something imposed on them by HSBC.
- The impact of the account closure was that all the monthly standing orders M received from donors were cancelled. M does now have a new bank account elsewhere, but some of the donors cannot now afford to make up the donations that they missed when M's bank account was closed. In addition, M does not have contact details for all of its donors – so donations from those people will be permanently lost. It continues to lose £205 per month as a result.
- To resolve the complaint, she would like HSBC to re-open the account, reimburse the missing donations, and reinstate the standing orders from donors.

HSBC told us:

- The account was initially set up as a business account. When it started its safeguarding review, the account was in the names of a Mr and Mrs L. HSBC's records showed Mr and Mrs L were using the name M as their trading name.
- It acknowledges that Mrs S says she called HSBC and was told letters about the safeguarding review had been sent in error, but it has not been able to trace those recordings.
- It is not prepared to re-open the account, but it accepts that there have been significant delays in carrying out the safeguarding review, and in issuing a cheque for the balance of the account. It has already paid M £400 for those delays, and it would like to offer a further £250 for poor service and errors made. It would also like to offer £205 in respect of the losses M claims.

One of our investigators looked at the complaint, but he did not recommend that HSBC pay any additional compensation. He didn't think HSBC's mistakes were the sole reason M had lost out on donations, and overall he thought a total payment of £855 (that is, the £400 already paid plus £250 plus £205) was fair.

M's trustees did not accept our investigator's conclusions, and asked for the matter to be referred to an ombudsman. Mrs S provided evidence from a donor who was not able to make up missed contributions, as well as comments about the amount of time the trustees had spent on resolving the matter.

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 sorry to further disappoint the trustees but there is very little I can add to what our investigator has already said.

It's clear that HSBC's service could have been considerably better. It is unfortunate that HSBC can't provide telephone recordings of Mrs S's conversations with its staff, and it is also unfortunate that Mrs S did not receive all of the letters HSBC says it sent. But ultimately, I think HSBC did give appropriate notice, and it was entitled to close the account M had been using. In the circumstances, I do not think it would be appropriate for me to require HSBC to reopen that account. But I do think it should pay compensation for its poor service.

Putting things right

Like our investigator, I am not satisfied that HSBC's errors were the sole reason that M lost donations. Given that I think HSBC was entitled to close the account, it would not be fair for me to require HSBC to pay compensation for any donations missed because of the account closure itself. But it would be fair for HSBC to compensate M for any donations lost because of HSBC's delays in dealing with this matter, and for the inconvenience caused by those delays.

It is impossible to be certain how much money M has missed out on as a result of the delays. The evidence Mrs S provided shows that many of M's donors set up new standing orders and made lump sum payments for the shortfalls, M did not miss out on any payments from those donors. Other donors set up new standing orders but could not afford to make up the shortfalls. There were also donors – some of which M no longer has contact details for – who did not set up new standing orders for M's new bank account. However, if any of those

donors wish to continue contributing to M, it is of course open to those donors to contact M and set up new standing orders.

Overall, I don't have sufficient evidence to make the finding that HSBC should pay M more than the £855 it has already offered.

My final decision

My final decision is that HSBC UK Bank Plc's offer to pay a total of £855 in compensation is fair and reasonable. I understand HSBC has already paid at least £400 of that compensation – and if it has not already done so, I order it to pay the remainder to M.

Under the rules of the Financial Ombudsman Service, I'm required to ask M to accept or reject my decision before 5 July 2022.

Laura Colman
Ombudsman