

The complaint

Mr and Mrs S complain that HSBC UK Bank Plc blocked and then closed their joint account without providing a proper explanation. They say this caused them unnecessary trouble and upset for which they should be compensated.

What happened

Mr and Mrs S had a joint current account with HSBC. They have explained that they used the account for everyday living expenses, to receive their wages and pay their bills.

In February 2023, HSBC reviewed Mr and Mrs S's account. Whilst it did this HSBC blocked the account, which meant Mr S and his wife weren't able to use the account or access any funds that were in it. Mr S discovered that he was unable to use the account when he tried to use his bank card whilst out shopping. Concerned that something was wrong with their account, Mr S called HSBC to find out if there was a problem. HSBC explained that it was reviewing the account and that it had been restricted. The account was blocked between 3 and 7 February 2023. At the time the balance of the account was just over £4,000.

When Mr S spoke to HSBC, he explained that he needed to access his and Mrs S's wages which had been paid into the account so that they could pay for everyday expenses and buy food for their family. HSBC said it couldn't release any funds to Mr S until it had completed its review as the account was due to be closed. It apologised and offered Mr S £40 as a gesture of goodwill. Mr S refused and demanded the bank release his and Mrs S's wages.

On 6 February 2023, HSBC allowed Mr S to transfer £4,000 out of the account to another account. HSBC then replaced the block on the account. HSBC subsequently decided to close Mr and Mrs S's account immediately and released the remaining balance, of just over £35 to them on 7 February 2023.

Mr S complained to HSBC. He explained that the bank's actions had caused him and his family a great deal of stress and upset. He said that because of the block to the account he wasn't able to pay for food for his children and the family had to sleep in one room to keep warm, because they had no money to pay for gas and electricity. So, he said HSBC should pay compensation for the trouble and upset it caused by blocking the account.

In response, HSBC said it hadn't done anything wrong and had blocked Mr and Mrs S's account to comply with its legal and regulatory obligations. The bank also said it had closed the account in line with the terms and conditions.

Unhappy with this response, Mr and Mrs S brought their complaint to us. They said the block on their account and lack of access to their funds caused them a lot of problems and meant they couldn't provide the basic essentials for their children. They want HSBC to explain why it blocked and closed their account. And pay them compensation for the upset this caused.

An investigator reviewed the complaint. He asked Mr S to provide some information about how he used his account and to explain certain transactions. Mr S said as well as using the

account to receive his wages he also received his student loan funds into the account. The investigator reviewed everything and said HSBC had acted in line with their legal and regulatory obligations when it had blocked the account. And he said the bank had closed it in line with the account terms. So, he didn't uphold the complaint.

Mr S disagreed. He said HSBC acted unfairly in blocking the account, which left his children without food and electricity. And asked for an ombudsman to review the complaint.

As no agreement could be reached the matter 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.

I would add too that our rules allow us to receive evidence in confidence. We may treat evidence from financial businesses as confidential for a number of reasons – for example, if it contains information about other customers, security information or commercially sensitive information. It's then for me to decide whether it's fair to rely on evidence that only one party has seen. It's not a one-sided rule; either party to a complaint can submit evidence in confidence if they wish to, and we'll then decide if it's fair to rely on it. Here, the information is sensitive and on balance I don't believe it should be disclosed. But it's also clearly material to the issue of whether HSBC has treated Mr and Mrs S fairly. So, I'm persuaded I should take it into account when deciding the outcome of this complaint.

HSBC has important legal and regulatory obligations it must meet when providing accounts to customers. They can broadly be summarised as a responsibility to protect persons from financial harm, and to prevent and detect financial crime. To comply with its responsibilities HSBC will monitor accounts and carry out specific or occasional checks, which is common industry practice, and is what HSBC did here.

It's the bank's duty to reasonably ensure accounts are being used in the way they should and to protect the money which is held in them. In order to fulfil these obligations, banks sometimes block an account. The account terms and conditions also permit HSBC to block an account. Based on all the evidence I've seen I'm satisfied that HSBC were acting in line with these obligations and the account terms when it blocked Mr and Mrs S's account in February 2023.

HSBC isn't obliged to reveal the reason(s) for reviewing the account. But I've considered the basis for the review, which I find was legitimate and in line with its legal and regulatory obligations. So, whilst I appreciate HSBC's actions caused Mr and Mrs S trouble and upset, I can't say HSBC have done anything wrong when it blocked and reviewed their account. So, although I understand not having access to their account in February 2023, caused Mr and Mrs S trouble and upset, it wouldn't be appropriate for me to award them any compensation since I don't believe HSBC acted inappropriately in taking the actions that it did when it blocked their account.

I know Mr S says HSBC should have allowed him access to his and Mrs S' wages that had been paid into his account, but that wasn't the only money that had been paid into Mr and Mrs S's account. And it is important banks and financial businesses complete thorough investigations to ensure they're adhering to their legal and regulatory obligations. I understand it was inconvenient and upsetting for Mr S and Mrs S not to have access to their wages, but based on the evidence I've seen, I'm satisfied HSBC were complying with their obligations when not allowing them access to their wages (and other funds) in the account.

Whilst HSBC are entitled to restrict a customer's account, I'd expect them to do so in timely manner. The account was blocked from 3 – 7 February 2023, when it was closed. Given everything I've seen I can't say there were any undue delays. I've also kept in mind that the majority of Mr and Mrs S's funds were released to them on 6 February 2023.

I'll next deal with the closure of the account. HSBC has the commercial discretion to close accounts. It's entitled to close an account just as a customer may close an account with it. As long as they reach their decisions fairly, it doesn't breach law or regulations and is in keeping with the terms and conditions of the account, then this service won't usually intervene. The terms and conditions of Mr and Mrs S's account, which HSBC and they had to comply with, say that it could close the account by giving Mr and Mrs S at least two months' notice. In certain circumstances HSBC could also close the account immediately, which is what happened here.

On balance when considering HSBC's wider regulatory responsibilities and all the information available to me, including how the account was operating, I find HSBC had a legitimate basis for closing the account immediately and not tell Mr and Mrs S why. So, I don't find HSBC treated them unfairly when it closed their account.

In summary, I appreciate that it was upsetting and stressful for Mr and Mrs S when HSBC blocked and closed their account. So, I realise they will be disappointed by my decision. But overall, based on the evidence I've seen, I can't say HSBC has acted unreasonably and treated Mr and Mrs S unfairly when it blocked and closed their account. So, I won't be asking HSBC to do anything more to resolve this 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 Mrs S and Mr S to accept or reject my decision before 26 February 2024.

Sharon Kerrison
Ombudsman