

## **The complaint**

Mr V complains that HSBC UK Bank Plc blocked his accounts without notice or reason. He would like access to his funds and compensation.

I am aware that Mr V's wife also has a case with our service, but in this decision I am only dealing with his case.

## **What happened**

The detailed background of this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

Mr V had a current account and a savings account with HSBC. The total funds in the accounts were around £80,000.

Following a review HSBC blocked Mr V's accounts on 18 September 2023. Mr V was asked for information regarding payments into his HSBC account which he provided. The accounts were unblocked on 3 October 2023.

Mr V has told us he was due to move overseas to start a new job on 28 September 2023. And because of the block he wasn't able to book flights or secure accommodation. He was also not able to pay his rent and bills during this period as a result of the block.

Mr V complained to HSBC. They said they were entitled to review accounts without giving notice or a reason for the review.

Mr V complained to our service. One of the investigators looked into the complaint. She thought HSBC were entitled to review accounts to comply with their legal and regulatory obligations and the terms and conditions allowed HSBC to do so. She didn't think HSBC needed to give Mr V a reason for the review or notice that it was going to happen. She also thought HSBC hadn't caused any delays and the review had been carried out promptly.

Mr V disagreed with the view. He said the block on his accounts had come at a very difficult time for his family. There were many consequences including family weddings and births that Mr V hadn't been able to attend because of the block. He said the issue had affected his health and his wife's health. He said he had to borrow money from family in order to travel to his new job and this had been embarrassing.

Our investigator acknowledged what Mr V had said but remained of the view that HSBC hadn't done anything wrong when it blocked the accounts, so no compensation was due.

As there was no agreement 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'll start by setting out some context for the review of Mr V's account. UK legislation places extensive obligations on regulated financial businesses. Financial institutions must establish the purpose and intended nature of transactions as well as the origin of funds, and there may be penalties if they don't. This applies to both new and existing relationships. These obligations override all other obligations. I am satisfied HSBC were complying with these obligations when they reviewed Mr V's accounts and asked him to provide information about how he was operating his accounts.

I can see that in blocking the account the bank were following an internal process which they carried out in order to comply with their legal and regulatory obligations. This was a legitimate exercise. In addition, the terms and conditions of Mr V's account which he agreed to when he opened the account, allow HSBC to review an account and block it as well as request that information is provided. I'm satisfied that HSBC were complying with their legal and regulatory obligations and the terms of the accounts when they reviewed and blocked the account, so I don't think they have acted unfairly here.

Mr V says he wasn't given notice of the review of the accounts or a reason why HSBC carried out a review.

HSBC said it blocked the accounts between 18 September 2023 and 3 October 2023 in order to carry out a review. And it said it doesn't need to provide a reason why it decided to do this. Based on the evidence I have seen, some of which was shared with us in confidence and which I can't share with Mr V, I agree that HSBC was complying with its legal and regulatory obligations when it decided to review the account. So, I don't think it was acting unfairly or unreasonably. And I agree that it isn't under any obligation to tell Mr V why it decided to do this.

While HSBC are entitled to carry out a review, we'd expect them to do so in a timely manner and without undue delay. I have looked at the evidence to see whether HSBC were proactive when they were carrying out the review and I'm satisfied they didn't cause any undue delay.

Mr V has told us about the impact the blocks on his accounts had on him and his wife. I accept that Mr V was due to work abroad shortly after the account was blocked and this caused him significant inconvenience. He has said he had to borrow money from family which was embarrassing.

Mr V has also said the block and the lack of funds impacted his health and that of his wife. He has also told us that due to the block he missed out on some important family events including two weddings and a birth.

I thank Mr V for his submissions regarding the impact that the block had on him. I know Mr V would like compensation for the block and the impact it had on his life and health. In order to award compensation, I would have to be satisfied that HSBC had acted unfairly in blocking Mr V's accounts. As I've said I think HSBC were entitled to review and block Mr V's accounts, so it follows, although I recognise the impact the block had on him, I won't be asking HSBC to pay compensation to him.

I recognise Mr V will be disappointed with my decision but for the reasons I stated above I don't think HSBC acted unfairly when they reviewed and blocked Mr V's accounts, so I won't be asking them to do anything else here.

**My final decision**

For the reasons stated above I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr V to accept or reject my decision before 20 June 2024.

Esperanza Fuentes  
**Ombudsman**