

The complaint

Mr M has complained that HSBC UK Bank Plc ('HSBC') blocked his bank account including his online banking. He said he had to borrow money from others to pay his bills and buy food and wants his account to be unblocked.

What happened

In October 2023 Mr M wanted to transfer £800 to an account belonging to one of his friends. HSBC blocked the payment and suspended his account. Mr M said that HSBC had called him in order to verify the payment, but he wasn't able to take the call as he was at work. When he got in touch with HSBC the following day, after discovering his account had been suspended, he was asked to go to a branch in order to have his identity verified.

HSBC wrote to Mr M on the same day to say it had stopped the payment because it had been unable to confirm it was genuine and wanted to protect him from fraud. During subsequent conversations with Mr M, HSBC said that though the account was blocked he would still be able to collect any salary or benefits payments paid into his account by attending one of its branches.

Mr M attended one of HSBC's branches over the following two days with his identification documents and HSBC eventually lifted the suspension and enabled Mr M to use his online banking. But it said it would not process the £800 payment as it still had concerns about it. Mr M was able to access his online banking but when he tried to add a new payee, he wasn't able to. He called HSBC to try to set this up and said he was told his account was being reviewed and this would take a few days. He says he continued to contact HSBC over the following few weeks and was told his account was still under review.

Mr M was unhappy with the delays and complained to HSBC. It responded on 30 October and 1 November 2023 saying the account was still under review and that his online banking was also still suspended. HSBC had also written to Mr M a few days earlier to say it has the right to review accounts without prior notice and isn't obliged to provide any reasons for doing so.

Mr M complained to us around the same time; which was about a month after his account was suspended. He said he wanted the block to be lifted so he could use his account. He said he was a student and needed access to money for accommodation and other expenses.

One of our investigators reviewed the complaint but didn't think it should be upheld. She said HSBC was acting within its terms and conditions and that the block was fair. She also thought it was fair that HSBC allowed Mr M access to salary or benefits payments while the account was suspended. But she asked HSBC to complete its review and notify Mr M of the outcome by the end of January 2024.

HSBC confirmed that it had concluded its review and was closing the account. Mr M was unhappy with the closure and also because no reason had been provided for it. Our

investigator informed Mr M that this was something he would have to complain to HSBC about separately and that his current complaint was only about the block.

Mr M didn't agree with our investigator's view and asked for an ombudsman's decision. The complaint was then passed 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.

It might be helpful if I start by explaining that our service doesn't punish or fine businesses, and it's also not our place to say that a procedure the business follows is incorrect. Only the industry regulator, the Financial Conduct Authority (FCA), can do this. Businesses have legal and regulatory obligations they have to meet and they have processes in place in order to meet these obligations. 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 obligations HSBC may need to review an account and/or restrict its customers' access to accounts and funds held within them. Under its terms and conditions HSBC can also restrict a payment device and access to services such as online banking under certain circumstances. So, our role in cases like this one, is to look at whether the business has followed its own internal procedures correctly including its terms and conditions, while also meeting its legal and regulatory obligations.

HSBC told Mr M that it stopped the £800 payment due to fraud concerns. After it spoke to Mr M it still had concerns and so it said it wouldn't allow the payment to go through. I thought this was fair and reasonable and this was something Mr M had also agreed to at the time.

HSBC suspended Mr M's account in order to carry out a review. As I said above HSBC has legal and regulatory obligations it needs to comply with and sometimes in order to do so it needs to review and restrict an account. Based on the information I have seen, some of which was shared with us in confidence and which I can't share with Mr M, I think HSBC's decision to restrict and review the account was fair and reasonable.

Mr M said he was given conflicting information as to why the account was restricted. He said it was initially due to the £800 payment, but he was later told this was a "random" review. HSBC said it doesn't need to provide a reason as to why it has decided to review an account and I agree. So, I won't ask it to provide a specific reason.

When Mr M brought his complaint to us, he wanted the block on his account to be lifted. Since then, HSBC decided to close the account. As our investigator told Mr M this is something he will have to complain to HSBC separately about. If he is unhappy with its response, he can bring his complaint to us.

Despite this I have looked into the length of the restriction and whether it was reasonable. The restriction lasted around three months, before HSBC decided to close the account. From what I have seen, I don't think HSBC caused any unnecessary delays and I think some of the reasons for the delays were down to third parties, therefore, outside HSBC's control. So I won't be asking it to pay Mr M any compensation in relation to the length of the restriction. I have also borne in mind that Mr M was still able to access any salary or benefits payments paid into his account while it was restricted.

I understand that Mr M will be disappointed with my decision. I appreciate that the restriction has impacted his daily life, but as I said above, I think HSBC's actions in the particular circumstances were fair and reasonable and in line with its legal and regulatory obligations.

My final decision

For the reasons above, I am not upholding this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 16 May 2024.

Anastasia Serdari
Ombudsman