

The complaint

Mr P complains that HSBC UK Bank Plc restricted and then closed his bank account without giving him notice or any reason. Following the account closure, HSBC continues to retain a significant sum which it has not returned to Mr P or to the sender of those funds.

What happened

Mr P opened an account with HSBC in April 2023. In July 2023 a credit of £59,989 was paid into the account. HSBC decided to investigate the operation of the account and, in the meantime, to restrict it.

Mr P complained that this left him with no access to funds. He explained that the payment of £59,989 had come from his fiancée and he provided copies of SMS exchanges which, he said, demonstrated that was the case. HSBC did not lift the restrictions on the account, and Mr P complained to this service. His complaint included a complaint about the time that it was taking for the bank to complete its review.

In October 2023 HSBC told Mr P that it was closing his account. It sent him a cheque for £13,773.70, but it retained £59,989, representing the payment made in July 2023.

One of our investigators considered what had happened. In an assessment dated 1 November 2023 he issued an assessment in which he concluded, in summary:

- The bank had been within its rights to restrict the account and to close it in the way it had.
- He thought it was reasonable that HSBC should retain the funds while it continued its investigation. And it was reasonable for HSBC to carry out additional checks before deciding how to proceed.

Mr P remained unhappy. In particular, he said that, if HSBC was not prepared to release funds to him, it should return them to the sender. He noted that both he and the sender had given instructions to their respective banks requiring that to happen.

HSBC indicated that it would agree return the balance of the funds to the sender, although it was unable to say when it would do so. But it then said that it intended instead to continue its investigation and retain the funds in a suspense account.

On 1 February 2024 the investigator issued a second assessment. He said in that assessment that, based on the information then available, HSBC had acted fairly in making the decision not to return the funds to Mr P. He did not comment on the bank's decision not to return the funds to source, since this service had no power to consider that.

Mr P did not accept the investigator's second assessment. He said he wanted this service to investigate further why HSBC continued to hold onto the funds.

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 am satisfied first of all that HSBC was entitled to restrict the account while it carried out investigations. I believe too that it acted fairly when it decided to close the account, and I note that it returned funds to Mr P without undue delay.

Mr P however remains concerned that HSBC has not released the balance of the funds on the account at closure, either by paying them to him or by returning them to the sender. He has said that he wants the Financial Ombudsman Service to keep his complaint open until funds are released.

I have however reached this decision on the basis of the situation as it is now. That is in keeping with my obligation to determine Mr P's complaint on the basis of what I consider to be fair and reasonable. I am not in a position to say in the context of this decision what should happen in the future – as HSBC's further investigation progresses.

I have considered very carefully the evidence which Mr P says shows his entitlement to the funds, as well as the information which HSBC has provided. Having done so, I believe that HSBC's decision not to release funds at this stage is reasonable. I make no comment about what might happen in the future. That means that it will be open to Mr P to raise a further complaint about any continuing retention of funds, should he wish to do so. At this stage, however, I am satisfied that HSBC has acted reasonably in taking the steps that it has.

My final decision

For these reasons, my final decision is that I do not uphold Mr P's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 18 June 2024.

Mike Ingram
Ombudsman