

**Ombudsman Decision**

**CIFO Reference Number: 23-000423**

**Complainant: Mr W**

**Respondent: HSBC Bank Plc, Jersey**

**Background and Initial Conclusions**

Mr W's complaint is about the stop placed on his accounts by the bank in March 2023. He says it took around two months for the bank to explain that it was carrying out regulatory checks and that he would not be able to access the account until these were completed.

Mr W later asked the bank to close his accounts (whilst still stopped) and return the money but again it said that it needed to complete the checks before it could act on that instruction. In the event the account was closed and the money returned to him in July 2024, some 16 months later.

To settle the complaint Mr W would like the bank to pay him US\$ 6,000 compensation to cover loss of interest on the amount held in the accounts and a further payment of US\$ 6,000 to recognise the service failures.

The bank has rejected Mr W's claim. In my initial assessment I concluded that the bank had not breached any statutory or regulatory requirements or its own terms and conditions when placing the stop on the accounts or not accepting the closure instruction whilst the stop remained in place.

---

<sup>1</sup> Financial Services Ombudsman (Jersey) Law 2014 Article 16(11) and Financial Services Ombudsman (Bailiwick of Guernsey) Law 2014 Section 16(10)

But I did conclude that the bank could have done more in 2023 to have told Mr W that he would not be able to close the accounts whilst it was carrying out the review and that its checks may take some time.

Mr W would then have been better placed to deal with the stop and lack of access to his money. I recommended that the bank pay Mr W £300 as both a gesture and to reflect the fact that he had been inconvenienced by the lack of clarity.

The bank offered to make the payment to Mr W but he did not accept my recommendation.

### **Subsequent submissions**

In his subsequent submission Mr W provided more information about his accounts including the ownership and funding arrangements for both his accounts and that of a joint account holder, Ms N. He was concerned that the bank had initially said that he did not have authority to deal with Ms N's sole account but that it later changed its mind and asked him for information about that account.

Mr W has asked that I make independent conclusions for his complaint rather than combine with matters relating to Ms N's sole account.

### **My findings**

I have carefully reconsidered all that Mr W and HSBC Bank have provided to decide what is fair and reasonable in the circumstances of the complaint.

This complaint concerns Mr W's sole account and the account he held in joint names with Ms N. I have dealt with a complaint from Ms N about her sole account separately. Mr W has dealt with both complaints, his own and as representative for Ms N.

I accept that Ms N did not 'own' the funds in the joint account for the purposes of this complaint but that does not mean she did not have a legal interest or that the bank was wrong to review the various accounts together and at the same time. I say that here as Mr W has raised the matter but it is of more relevance to the complaint made in Ms N's sole name and does not impact my conclusions here.

I have already set out the basis on which a bank can stop an account and explained that when doing so a bank should observe the account terms and conditions and also satisfy their legal and regulatory obligations. And that was what it was doing here so I cannot say it was wrong or indeed that it should have accepted the closure instructions whilst enquiries were ongoing.

But I would still expect a bank to complete its enquiries within a reasonable period of time and to manage the expectations of a customer where a review was taking some time or more information was needed. That was the issue here where the stop was placed on the accounts in March 2023, but it was not until the Summer that the bank explained what was happening. It then took almost another year for the checks to be completed.

This is why I recommended that the bank make a payment of compensation to Mr W. I understand that the amount I recommended does not meet his claim as set out or his expectations, but I have also said that I would not generally look to the award of compensation in these circumstances unless there was persuasive evidence of maladministration in the way in which the bank completed its procedures.

Mr W has suggested that what happened was maladministration and that the bank accepted that there was unnecessary delay. I accept that what I said had happened – a failure by the bank to explain what it was doing and to manage Mr W's expectations around timescales could be described as maladministration, but I have not identified that the bank was wrong to review Mr W's accounts or misconducted the process beyond the conclusions I have made.

Mr W has also expressed concern about the banking system as such, but it will always be the case that a bank will always need to satisfy legal and regulatory requirements. On occasion that may impact the service provided as was the case here.

I therefore confirm the conclusions I reached in my initial assessment:

- I am satisfied that the bank was following its own procedures when it stopped the accounts and that it was looking to carry out its legal and regulatory obligations. That included asking for information about activity on the account.
- I consider that a small payment is warranted to recognise the lack of clarity at the time of the stop and refusal to close the account in 2023.
- I am mindful that a bank can be limited in what it can disclose about the reasons for stopping an account. And the bank's terms and conditions set out that it may require information from time to time and that the bank may refuse service in some circumstances.

## **Final Decision**

My final decision is I uphold the complaint in part and as set out above. In full and final settlement HSBC Bank Plc, Jersey should pay Mr W **£300**.

Clare Mortimer  
Ombudsman

Date: 12 February 2025