

Final Decision**CIFO Reference Number: 25-000052****Complainant: Mr W & Ms P****Respondent: HSBC Bank Plc, Jersey Branch****Complaint**

The complainants, who I'll refer to as Mr W and Ms P, complain about HSBC Bank Plc, Jersey Branch restricting access to their accounts, closing them and a delay in returning funds.

Mr W has been the main contact point leading the complaint and so, for ease, I'll refer to him throughout this decision.

Background

Mr W held bank accounts with HSBC (Expat) and in September 2024 HSBC corresponded to say that it was conducting an account review. As a result of the review, HSBC needed further information, which it set out in an email. Mr W answered this at the end of September and HSBC said it would review what had been sent. HSBC restricted access to the accounts on 31 October.

Mr W contacted HSBC asking about the restrictions as he was on a trip and had no access to funds. There was a series of contacts during November where HSBC sought further information and documents, which Mr W seemingly complied with. A similar pattern continued through December and January, and Mr W complained to HSBC about the lack of progress and contact. Nothing changed in March except that HSBC gave notice (60 days) that it would be closing the bank accounts and funds would be transferred to other accounts he held. Mr W gave his own notice for the accounts to close, and they duly did around early May 2025.

HSBC advised Mr W that it has statutory and regulatory duties, part of which meant it was responsible for undertaking account reviews. The decision to do this and close the accounts was in accordance with the Terms & Conditions. HSBC paid Mr W £500 compensation.

Mr W remained unhappy as he says he suffered a financial loss in the region of £11,000 as well as extreme distress and inconvenience.

Initial Recommendation

I wrote to the parties in July explaining where I considered HSBC had acted appropriately and where its service fell below what it should have. While I considered the £500 compensation already offered reasonably reflected some elements of poor service, I wasn't satisfied HSBC had fairly considered its failure to transfer all funds from the closed accounts. During the course of my investigation, I raised this with HSBC, and it offered to pay a further £150 to reflect lost interest and the distress and inconvenience this had caused.

I explained that I'd read all the information provided, which went to some length. My role is to make a determination that I consider to be fair and reasonable in all the circumstances. While I'd considered all the information I wouldn't go into the same depth, but that reflected the informal nature of our alternative dispute resolution role rather than the depth a court may go into.

The contractual relationship between Mr W and HSBC is set out in the account terms and conditions. And indeed sections 4.2 and 4.3 set out several circumstances when HSBC can refuse to act on its customers' instructions, suspend or limit access to an account. And within 4.3 it is made clear that HSBC may not be able to tell the customer the reason when action is taken, and it is not responsible for any loss suffered in connection with any 'financial crime risk management' action it may take. Section 7 gives details around 'Ending the Relationship' with 7.3 detailing how and when HSBC can end the agreement. And 8.5 sets out HSBC's limited responsibilities.

In short, the Terms & Conditions give HSBC a wide remit in how and when it can suspend an account and close it, with or without notice. There are significant duties on HSBC to ensure it has appropriate compliance measures to counter financial crime risks, and I emphasise the focus is on risks.

While Mr W was understandably frustrated and keen to understand why the accounts were blocked, the Terms & Conditions allowed HSBC to take the action it did. Having the accounts restricted without warning was highly inconvenient but the legal and regulatory duties that HSBC must be compliant with, means giving advanced notice could potentially allow for funds to be removed in advance and that would defeat the nature of the risks HSBC is acting to be compliant with.

HSBC acknowledged some customer service failings for which it paid £500 compensation. For those failings, which included delays in responding to information and communications, misleading information and poor service with long waiting times, I was satisfied HSBC had paid fair compensation.

HSBC like other banks has legal and regulatory compliance duties to meet and risks significant penalties if it fails to. I recognised the frustration experienced but in terms of the suspension and subsequent notice to close the accounts I am satisfied HSBC acted within the Terms & Conditions and regulatory requirements. So, I wasn't inclined to ask HSBC to do anything more regarding this aspect.

In relation to the more recent issue regarding the failure to transfer the balance of the Global Money Account, HSBC advised me that funds were due to be paid on 9th May. The failure to do so was a shock to Mr W and clearly damaged his confidence and faith in HSBC. HSBC offered to pay a further £150 inclusive of interest on £501.12 and THB 2,251 (Thai Bhat) and an amount for distress and inconvenience. Those funds were transferred on 7 July 2025.

I was satisfied HSBC failed in not transferring the balance and I was inclined to uphold this part of the complaint. Given the low value of funds involved I was satisfied £150 was a fair to cover the interest, and distress and inconvenience.

Replies to recommendation

I gave the parties a deadline to respond by and both have met that early, which is appreciated. Mr W gave a comprehensive reply in which, ostensibly, he disagreed with many aspects. To summarise the points Mr W gave:

1. HSBC's right to 'freeze' the accounts.
 - a. The issue here concerns how HSBC exercised the right, which was procedurally flawed, grossly mishandled and deeply harmful.
 - b. HSBC didn't cite a specific reason.
 - c. Staff said the restriction was either random or due to missing documents, which Mr W had already submitted. The Terms & Conditions do not allow for restricted access in this scenario.
 - d. Therefore, the review was unnecessary and initiated due to an internal failure.
2. HSBC's failures went beyond delays and poor service.
 - a. £500 grossly underestimates the harm caused by HSBC's mishandling.
 - b. Repeated requests for the same documents.
 - c. Requests that couldn't be complied with such as bank statements for before an account was open.
 - d. Denying a meeting with a complaints manager after confirming a meeting could take place.
 - e. Failing to escalate concerns having said it would.
 - f. HSBC's team was understaffed and couldn't prioritise urgent cases.
 - g. Over 100 communications took place.
 - h. HSBC didn't advise of emergency disbursements facilities until around 10 weeks into the restrictions despite hardship being raised.
3. HSBC encouraged a breach of NDA

- a. HSBC requested client contracts notwithstanding Mr W had asked whether this would breach an NDA. He could have been exposed to criminal penalties and violated his duty as a Company Director.
 - b. This is a regulatory and compliance matter.
- 4. HSBC breached its own complaints policy.
 - a. No 'human' acknowledgement within required timeframe.
 - b. HSBC said the complaint couldn't be progressed until the account review was complete.
 - c. Told complaints were a back-office function and unreachable.
 - d. Meeting with a complaints manager not honoured.
 - e. Given an invalid complaints department contact number.
 - f. Deferring a complaints process during accounts review, avoids accountability and is unfair.
- 5. Inadequate weight given to Mr W's evidence.
 - a. Letters outline systemic miscommunication and contradictions.
 - b. Proof of borrowing and debt restructuring.
 - c. A parent undergoing significant health issues.
 - d. A collapse in credit standing.
 - e. Loss of income of more than £11,000 from a client.
 - f. Cancellation of a property purchase and urgent surgery due to lack of funds.
 - g. Stress conditions have resulted.
 - h. Evidence of sustained and preventable harm.
- 6. Fair redress.
 - a. £650 doesn't reflect six months of hardship and financial damage.
 - b. The £500 compensation was a goodwill gesture for the later closure as the complaint hadn't been reviewed.

Findings

I have considered all the available evidence and arguments to decide what is, in my opinion, fair and reasonable in the individual circumstances of this complaint.

Where necessary and/or appropriate, I reach my conclusions on the balance of probabilities; that is, what I consider is most likely to have happened, in light of the evidence that is available and the wider surrounding circumstances.

I don't intend to repeat the matters I determined in my 'Initial Recommendation', my findings there, having reviewed the information again, remain my findings today. They enable the parties to this complaint to understand why I am reaching the decision I have.

I will though address Mr W's reply, the content of which is summarised above under the heading 'Replies to my Recommendation'. I won't necessarily be giving itemised responses in the same way Mr W set out his reply rather I'll address the main issues.

Freezing the account

I appreciate Mr W is unhappy with the way HSBC handled its right to freeze the account and conduct a review. It's not uncommon for reviews to take several months and it was around five months from when the account was frozen to the point account closure notice was given. I note in late September 2024 HSBC wrote to Mr W explaining that it had identified some activity on the account that it wanted to discuss. HSBC informed him that it had legal and regulatory requirements to comply with.

The information Mr W provided in response was reviewed and HSBC exercised its discretion and right under the account terms to suspend account access. It's clear from the emails between HSBC and Mr W that he was being asked for explanations of the source of funds and transactions, and to his credit Mr W provided the information being sought.

While I appreciate Mr W saying he was never given a specific reason such as fraud, legal or security concerns, I refer to the account terms and 4.3 which

detail that HSBC may not give reasons. As such, I'm not satisfied HSBC acted unfairly:

4.3 Financial crime risk management

We have an obligation to detect, investigate and prevent financial crime (including money laundering, terrorist financing, bribery, corruption, tax evasion, fraud, sanctions non-compliance or other attempts to break any laws or regulations).

To meet these obligations, we may:

- Delay, investigate, block or refuse to act on your instructions*
- Ask you for more information about you and your transactions*
- Take other action that is necessary for us to comply with our obligations, including our internal policies and procedures, relating to financial crime*
- Ultimately close your accounts with immediate effect*

We may not be able to tell you the reason when we take such action (for example, if we are prevented by law or regulation).

We'll not be responsible to you or any third party for any loss suffered in connection with any financial crime risk management action we take

HSBC's failures

It is acknowledged that there were aspects of poor service, including but not limited to, HSBC's complaint handling, asking for information Mr W had already provided, delays in HSBC giving replies and updates and he wasn't advised of the *possibility* of a disbursement facility until over two months of the accounts being suspended. On this latter point, it's clear from HSBC's emails that this is not a 'right', it wasn't offered as standard rather 'last resort' and there was no guarantee any request would be approved.

HSBC acknowledged it had caused stress and inconvenience with a lack of information and updates and offered £500 compensation. HSBC was exercising regulatory and legal duties, and it actively reviewed the account

along with documents and explanations provided as part of the review. The fact it took around five months, as I've stated, is in the ballpark period for such an investigation. Much of the frustration and 'harm' was a result of access to the accounts being frozen, for which I don't find HSBC at fault. But I appreciate the elements of poor service in that intervening time had an impact on Mr W. I would recommend that HSBC reflect on the service it gave Mr W and particularly the repeated requests for information he had already provided.

While Mr W has broken his time into an hourly rate but that's not how we determine fair compensation. We don't take a punitive approach or levy penalties for failures. In my opinion, the failures did not impact the overall time of the review, and I'm not persuaded the failures had a substantial impact on the distress and inconvenience. I remain satisfied that £500 is a fair amount.

Latterly, it became apparent that HSBC had erroneously retained some funds - £501.12 and THB 2,251 (Thai Bhat). This is a relatively low amount, but the funds should have been transferred, and this came as a shock only reinforcing Mr W's frustration. HSBC has made an offer of £150 to reflect the impact and lost interest. I'm satisfied this is a fair amount.

Evidential Considerations

I have considered all the available evidence and arguments, but for Mr W's reassurance I have read, more than once, the substantial information he's provided including the more than 200 pages in his original submission. I've listened to calls he had with HSBC and I fully understand the consequences of having accounts frozen but as HSBC was entitled to do that, and for reasons explained in this decision, it would not be fair to hold HSBC liable for any losses or impact as a consequence of it legitimately exercising its legal and regulatory duties.

Mr W has also raised an issue about HSBC advising him to break a non-disclosure agreement (NDA) by requesting contracts / agreements he had with clients. It's not for me or this service to opine on NDAs, what is apparent is that the confidentiality clause is conditional in so far as 'required by law'. HSBC has legal and regulatory duties, for example Money Laundering

(Jersey) Order 2008, and this legislation includes a requirement for adequate safeguards for how HSBC uses information.

HSBC requested a variety of types of information in its investigation and review of Mr W's accounts pursuant to its statutory and regulatory duties. While I don't make any conclusion on the advice or otherwise regarding NDAs, I'm satisfied HSBC's requests were reasonable and proportionate for the review it conducted.

Finally, I'll briefly address the main part of the financial loss Mr W has mentioned (£10,000 from a client). In Mr W's information is a client letter to him dated in February 2025. It says:

"At the end of October, I made the difficult decision to pause our work together. It was clear that you were under significant stress and financial pressure, and the committing to UK time zone hours made it difficult for you to attend key client meetings. You were disorganized, emotional, and frankly, not yourself. Since then, we haven't worked together, which means a total of around £10,000 in lost work for you..."

As Mr W's accounts were suspended on 31 October I'm not persuaded that anything HSBC did or did not do can be said to have been the causal factor given the contents of what was written by the client.

My decision

My final decision is that I uphold this complaint.

To settle it, HSBC Bank Plc, Jersey Branch must:

- Pay Mr W and Ms P a further £150 compensation in addition to the £500 already paid.
- Provide Mr W and Ms P with closing statements of the accounts that were closed, if not done already.

Sean Hamilton
Ombudsman

Date: 15 August 2025