

The complaint

Mr A and Mrs V complain that HSBC UK Bank Plc (trading as First Direct) failed to switch their account with another bank.

What happened

In late 2021, Mr A and Mrs V applied for a joint account with First Direct. They requested that their payments and balance be transferred across from their account with another bank using the Current Account Switch Service (CASS).

Mr A and Mrs V say the main reason for switching accounts was the other bank's decision to close all current accounts. However, when First Direct opened their new bank account, it failed to initiate the CASS. So, Mr A and Mrs V's other account was closed without their direct debits and standing orders being transferred across. Mr A and Mrs V also lost out on First Direct's joining incentive of £130.

Mr A and Mrs V complained to First Direct, who acknowledged it had made an error. It said Mr A and Mrs V weren't entitled to the £130 joining incentive because CASS hadn't taken place. However, it was willing to honour the incentive if CASS was completed by 15 March 2022.

Mr A pointed out that it was too late to complete the CASS as their other account had already been closed. He asked First Direct to pay the £130 joining incentive plus an additional £200 for the distress and inconvenience they'd experienced. However, First Direct wouldn't agree to Mr A's request. It said it would be willing to honour the joining incentive if Mr A and Mrs V chose to complete CASS from another provider.

Mr A and Mrs V remained unhappy, so they asked our service to consider their complaint. After our involvement, First Direct offered to pay Mr A and Mrs V £200 compensation (£130 for the joining incentive plus £70 for distress and inconvenience).

Mr A and Mrs V didn't think this was enough to put things right but First Direct wasn't willing to increase its offer. Our investigator looked into Mr A and Mrs V's concerns and thought First Direct's offer was fair.

Mr A and Mrs V disagreed with our investigator's outcome. They didn't think First Direct's offer of compensation was enough for failing to meet the CASS guarantee, not upholding their complaint in the first place and the inconvenience, distress and delay this had caused. So, the complaint has been 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.

Having done so, I've reached broadly the same conclusions as our investigator. I'll explain why.

The Current Account Switch Guarantee required First Direct to ensure that payments going in and out of Mr A and Mrs V's old account be moved to their new account. If anything went wrong with the switch, First Direct was required to refund any interest (paid or lost) and charges made on either their old or new current accounts as a result of the failure.

Mr A and Mrs V don't appear to have made First Direct aware of any financial loss from interest or charges. However, they have said that they needed to set up direct debits and standing orders themselves, which was inconvenient.

Mr A and Mrs V were understandably concerned about losing out on the £130 joining incentive First Direct offered because the CASS didn't go through as it should. First Direct says that it hadn't been aware that Mr A and Mrs V's other bank account had already been closed when it sent its final response to their complaint. However, Mr A did let First Direct know about this when he replied. So, I can appreciate Mr A and Mrs V's frustration that First Direct didn't offer to pay the £130 before he brought his complaint to our service.

However, First Direct have offered to pay Mr A and Mrs V £130 to cover the loss of the joining incentive. So, it's willing to compensate Mr A and Mrs V for the financial loss they incurred.

While I appreciate that Mr A and Mrs V have both been impacted by HSBC's mistake, I'm not persuaded that it should have to pay extra compensation because it's a joint account. From what I've been told, the main impact on them was the inconvenience of having to set up direct debits and standing orders themselves. I understand this would have been a hassle for them to sort out. However, I think the £70 HSBC has offered Mr A and Mrs V is reasonable. So, I don't require First Direct to pay compensation above what it's already proposed.

Putting things right

First Direct should pay Mr A and Mrs V £200.

My final decision

HSBC UK Bank Plc has already made an offer to pay £200 to settle the complaint and I think this offer is fair in all the circumstances.

So, my decision is that HSBC UK Bank Plc should pay Mr A and Mrs V £200.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A and Mrs V to accept or reject my decision before 2 November 2022.

Anne Muscroft
Ombudsman