

## **The complaint**

Mrs A complains about the service she received when attempting to set up a savings account with HSBC UK Bank Plc trading as first direct ("first direct") on its app. Mrs A is particularly unhappy that she was unable to set up a savings account over the phone and the advice she received around this. Furthermore, first direct failed to call her when it said it would and contacted her on her mobile when she'd asked it not to do this.

## **What happened**

Mrs A wished to set up an online savings account with first direct. Following several failed attempts to log into her first direct account she got in contact with first direct.

Mrs A was advised during the call that first direct didn't have her mobile number or current email and so Mrs A provided this and the information was applied to her account. Because Mrs A had provided new contact details – for security purposes – the second activation code needed had to be sent by post to set up her mobile banking and her new regular savings account.

Mrs A wished to set up her account over the phone so first direct's adviser transferred her to the savings team to do this, but Mrs A was told this couldn't be done by phone because there wasn't a customer care marker present - she wasn't 'flagged'. Mrs A presumed that this referred to customers with mental or physical disabilities and says she felt this was reverse discrimination because she was both of sound mind and body.

The issue was raised with a senior member of staff, but Mrs A was advised that first direct wouldn't be prepared to set up the account over the phone. Mrs A was unhappy with this and complained first direct had lost her mobile phone number which had prevented her from setting her account up in any other way and the inflexibility of its systems.

First direct advised Mrs A its complaints department would call her the following day on Sunday 4 June but failed to do so. Mrs A discovered that this was because its complaints department didn't work on Sunday's. So, Mrs A contacted first direct and after being transferred to another department was eventually told the department was closed.

Mrs A made it clear that she was due to travel abroad and only wanted to receive calls on her landline due to security concerns. However, despite this first direct contacted Mrs A whilst she was on holiday. Mrs A refused to go through security because of this.

A landline phone appointment was also booked for 13 June, however, once again first direct called Mrs A on her mobile.

Mrs A was unhappy that the adviser hadn't listened to the call recordings, and she had to explain the whole situation again and doesn't believe her complaint had been investigated properly by someone more senior.

First direct didn't agree it had made an error in insisting Mrs A apply for her account online as this was in-line with its procedures and exceptions were only made when a customer has been marked as being vulnerable or has issues that makes online access difficult or impossible. But first direct agreed Mrs A had received poor service by promising a call back when the relevant department was closed and contacting Mrs A on her mobile rather than her landline as requested. First direct apologised and compensated Mrs A £75 for the distress and inconvenience caused.

Mrs A was dissatisfied with this and brought her complaint to this service. Following this first direct increased its offer of compensation to £150 as it couldn't confirm whether Mrs A had previously advised it of her mobile number.

One of our investigators looked into Mrs A's concerns but didn't think there was any evidence first direct had a mobile number for Mrs A that it had lost and as such didn't think it had made an error in sending the second activation code by post for security reasons. Furthermore, they didn't think first direct was unreasonable in refusing to complete Mrs A's application over the phone as this method was reserved for customers with disabilities or vulnerabilities. But they agreed first direct's customer service could've been better but thought the £150 compensation offered to Mrs A was fair for the distress and inconvenience caused and didn't think first direct needed to do anything more.

Mrs A disagreed and has asked for an ombudsman's decision.

### **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 hope that Mrs A won't take it as a discourtesy that I've condensed her complaint in the way that I have. Ours is an informal dispute resolution service, and I've concentrated on what I consider to be the crux of the complaint. Our rules allow me to do that. And the crux of Mrs A's complaint is that first direct were inflexible in its approach to her situation and its procedures which wouldn't allow her to set up her savings account over the phone and that she received poor service from first direct in the handling of her complaint about this.

As a resolution to her complaint Mrs A would like a complete review and re-design of first direct's complaints procedures and would like first direct to be made to adhere to the law and ethical practice and compensated for her inconvenience and distress.

It might be helpful for me to say here that, this service doesn't supervise, regulate or discipline the businesses we cover. And my role isn't to punish or penalise businesses for their performance or behaviour – that's the role of the regulator, in this case the Financial Conduct Authority. So I can't look at first direct's complaints procedures and tell it what it must do and even if it was in this service's power to do so, as complaint handling isn't a regulated activity, so we wouldn't be able to look at Mrs A's complaint if it solely related to this.

Furthermore, I don't have the power to tell first direct how it needs to run its business and I can't make first direct change its systems or procedures – such as how an account can be opened or operated. This is a commercial decision and not something for me to get involved with. My role rather is to look at problems that Mrs A has experienced and see if first direct has done anything wrong or treated her unfairly. If it has, I'd seek to put Mrs A back in the position she would've been in if the mistakes hadn't happened. And I may award compensation that I think is fair and reasonable.

And having considered all the evidence I do think first direct has made some mistakes, but I don't agree that not allowing Mrs A to complete the opening of her account over the phone is one of them.

Due to the updating of Mrs A's mobile phone number - which first direct didn't have – Mrs A was unable to complete the activation of the mobile banking app on her phone and setup a savings account through the first direct app. For security purposes it had to send a second activation code to Mrs A through the post as this was the contact details it had for her that hadn't changed and had already been verified.

I accept that first direct had Mrs A's landline number which hadn't changed and her old email address. But there were two activation codes which needed to be used to activate the mobile banking app and provided separately for security purposes. One had already been provided verbally and as first direct had just updated her mobile number and email address, first direct were unable to use these methods to provide the second activation code. I don't think it's unreasonable that to ensure the security of its customer, first direct systems don't allow it to send activation codes by a contact method that had been validated.

I appreciate that Mrs A believes she had previously provided first direct with her mobile number because she had previously used the first direct app on her old mobile and her number hadn't changed. But whether this was the case or not, first direct no longer had those details which meant there were security measures that needed to be taken to activate its banking app on her new phone. I accept this was frustrating and inconvenient for Mrs A but things don't always go smoothly and I think it's reasonable to expect to have to spend some time on dealing with and rectifying personal administrative issues – such as opening accounts, updating details and assisting a business with meeting its regulatory obligations - such as ensuring the security of its customers' accounts.

Mrs A is unhappy that first direct refused to open her savings account over the phone. But this is an online account and as such and as stated on first direct's website, the process for opening such an account is online or through its app. I appreciate this was not Mrs A's preference and that this has inconvenienced her, and in some situations first direct can make allowances where it's not possible for a customer to complete the account opening in this way.

But Mrs A's circumstances didn't meet the criteria for making an exception to this and I don't think Mrs A has provided this service with a satisfactory reason why first direct should make reasonable adjustments to its procedures in her case. Indeed, in her own words she is of both sound mind and body. So, I don't think first direct have discriminated against her or treated her unfairly in insisting she follows its procedures in opening its savings account in the usual way online.

But as I stated above, I do think first direct have made some mistakes. In particular, it provided misleading information regarding the opening of her account, and it failed to call Mrs A when it said it would – making an appointment for a day the department in question was closed. And when it did get in contact with Mrs A it called her on a number she specifically requested it not to.

First direct have already accepted it made some mistakes in the service it provided and offered compensation of £150 for the distress and inconvenience this caused which I think is fair. Mrs A was able activate banking on her phone and open the account she wished on receipt of the second activation code, and I haven't seen any evidence that Mrs A lost out financially because of the service she received regarding this.

So, on this basis because I don't think first direct made an error in insisting Mrs A open the account in-line with its procedures and as I'm not persuaded further compensation is warranted above the £150 already offered, I don't think there is anything further first direct needs to do to settle Mrs A's complaint.

### **My final decision**

For the reasons I've explained, I've decided that the £150 compensation paid by HSBC UK Bank Plc to Mrs A is a fair way to settle this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs A to accept or reject my decision before 26 March 2024.

Caroline Davies  
**Ombudsman**