

The complaint

Mr P complains that HSBC UK Bank Plc trading as First Direct has not honoured a current account switch incentive payment.

What happened

Mr P opened an account with First Direct on 22 March 2024. He later became aware that First Direct had introduced a switch incentive, so he arranged to switch an account held with another bank to his First Direct account on 18 April 2024.

Mr P says he met the terms and conditions of the switch incentive. But First Direct didn't pay him the £175 incentive payment. So, he complained.

First Direct said that when Mr P opened his account with it on 22 March 2024 it wasn't offering an incentive payment to new customers. It acknowledged that Mr P subsequently completed an account switch when an incentive to new customers was available, but as his account was already open by this time, he didn't qualify for the incentive payment.

Unhappy with the outcome, Mr P referred his complaint to this service. He also said he was unhappy as First Direct had issued its final response before speaking to him.

One of our investigators looked into Mr P's complaint but she didn't uphold it. She said Mr P had opened his account with First Direct prior to the switch incentive being available. Mr P disagreed. He said his personal circumstances had not been considered - he was struggling financially, and he was dealing with family members who had health issues.

The investigator considered what Mr P had said. But while she empathised with Mr P's personal circumstances, she didn't think this altered the outcome she had reached. She said that First Direct had provided evidence to show that a switch incentive wasn't available when Mr P opened his account with First Direct.

Mr P asked for his complaint to be escalated to an Ombudsman adding that he didn't think that First Direct wasn't acting fairly in line with the Consumer Duty. So, the complaint has been passed to me to decide.

In bringing this complaint, Mr P has referenced an account switch by a family member who has received an incentive payment. I can't comment on what happened when Mr P's family member switched their account. So, for clarity, this decision solely relates to the circumstances of Mr P's complaint.

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 the same overall conclusion as the investigator. I know my P will be disappointed as I can see how strongly he feels about this matter, and I empathise

with the personal circumstances he has told us about. But to uphold his complaint I'd have to be satisfied that First Direct had done something wrong or treated Mr P unfairly. I don't find that it did. I'll explain why.

It's not in dispute that:

- Mr P opened an account with First Direct on 22 March 2024.
- First Direct launched a switch incentive on 26 March 2024.
- Mr P activated an account switch on 18 April 2024 which was before the incentive period closed.

I consider the crux of this complaint to be that First Direct says Mr P didn't qualify for the switch incentive as he wasn't a new customer when he activated the account switch. Whereas Mr P says he was a new customer because his account had only been open a few days when the switch incentive was launched, and the incentive was still available when he activated the account switch.

Mr P has added that in switching his account during the incentive period his intentions were clear and that First Direct should have known that anyone switching accounts during an incentive period was doing so to receive the incentive. And that he feels First Direct is not acting fairly – in line with The Consumer Duty, as it's hiding behind terms and conditions and because another family member has been paid the incentive.

While I accept that some customers switch accounts to benefit from a switch incentive payment, I don't think this applies to everyone. I think it's likely that some customers may switch as the new account offers better terms – for example, better credit interest rates or overdraft terms. So, I don't find that First Direct should have known Mr P's intention for the switch was to solely benefit from the incentive payment.

It's not unusual for businesses to have terms and conditions in place for its products, services, and incentives. So, I don't find anything wrong in First Direct having terms and conditions relating to this switch incentive. The Consumer Duty says a business is required to provide customers with the information they need, at the right time, and presented in a way they can understand so they can make informed decisions.

The details of the switch incentive which were available to Mr P when he activated the account switch say:

'You just need to complete a full switch using the Current Account Switch Service (CASS), including at least 2 direct debits, or standing orders. Then pay in £1,000, make 5+ debit card payments and log on to digital banking within 30 days of your account opening. New customers only.'

Given Mr P used the CASS service, and – from what I've seen, actioned the other requirements, I'm persuaded that First Direct provided the required amount of information that Mr P needed to activate the account switch.

I've seen there has been some debate about whether Mr P satisfied the criteria around paying in £1,000 within 30 days. But I think the outcome of Mr P's complaint turns on whether he was a *'new customer'* in the context of the switch incentive.

I can understand why Mr P considered himself to be a new customer of First Direct when he activated the account switch - his account had only been open a few days when the incentive was launched. But having thought about this carefully, I'm satisfied that - in the context of this switch incentive, *'new customers'* means customers who don't already hold an

account with First Direct. And, on the date the switch incentive was launched, Mr P already had an account with First Direct.

As I mentioned above, I can't comment on the family member's situation Mr P has referred to as I'm required to consider the individual circumstances of Mr P's complaint. And here, I'm satisfied that to qualify as a '*new customer*' Mr P would have needed to open his new account with First Direct when the incentive was available. Had he have done that, then I think it would have been at First Direct's discretion as to whether it honoured the £175 payment if any other criteria hadn't been met.

Overall, as Mr P's account was already open when the incentive was launched, I'm satisfied he wasn't a *new customer* within the context of the switch incentive. So, I won't be asking First Direct to pay Mr P the switch incentive payment.

I've seen that Mr P is also unhappy as he expected First Direct to call him before it issued the final response. Generally, complaint handling is not something this service considers as it's not a regulated activity. But, for completeness, I don't find that First Direct was obliged to call Mr P. First Direct provided a written final response to Mr P which set out his complaint, provided its answer to it and the reason for its answer. And Mr P has been able to refer his complaint to this service for an independent review. I find this meets the complaint handling rules that are in place for business to follow.

My final decision

For the reasons given above, my final decision is that I don't 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 19 September 2024.

Sandra Greene
Ombudsman