

The complaint

Mr D complains that HSBC UK Bank Plc trading as first direct (“first direct”) have acted unreasonably by restricting access to his account and money.

What happened

Mr D holds an account with first direct with a significant balance and has done so for a number of years.

In 2017 Mr D was the victim of an investment scam where Mr D made an initial investment of £10,000 using his debit card online and then made further investments totalling around £350,000. First direct refunded the initial investment and further card payments totalling £50,000 were recovered but sadly the rest was lost.

In February 2021 Mr D was the victim of a further fraud incident where he sent £10,000 to fraudsters. On this occasion first direct refunded £5,000.

Mr D called first direct on 13 December 2023 and reported that he’d given remote access of his computer to a third-party. This resulted in first direct temporarily cancelling his online access and issuing him with another set of online credentials. Fortunately, no fraudulent activity took place on this occasion.

In June 2024 Mr D again gave remote access to a third-party to his computer and didn’t inform first direct about this. The third-party was able to download software and access Mr D’s account. Mr D disclosed one-time passcodes and they were able to delete messages without Mr D seeing them and make payments totalling just over £1,000 which first direct refunded.

At this point first direct took the decision to apply restrictions to Mr D’s online banking to read only and online card purchases and Mr D raised a complaint.

First direct didn’t uphold Mr D’s complaint as the restrictions applied are in-line with its terms and conditions and it says given the multiple occasions Mr D has been the victim of a scams it believes he is susceptible to being scammed again. It deems additional support is required to prevent Mr D from this in the form of speaking to its Customer Care Team if he needs to make online card payments or if he needs to send a faster payment so it can ask him questions to ensure it’s comfortable he is not being scammed.

Mr D was dissatisfied with this and brought his complaint to this service.

First direct believes Mr D is vulnerable and that he will be on a scammers list so will continue to be targeted in the future. It says Mr D has declined to engage with it regarding the “after scam support” it offers but even if he did that due to the sophisticated techniques that scammers use to obtain trust that without restrictions there is a strong risk of Mr D being defrauded again.

First direct says it isn't stopping Mr D using his account but that he just needs to speak with its Customer Care Team so they can complete checks to ensure it is happy with the reason for payments before allowing them to be authorised.

One of our investigators looked into Mr D's concerns and considering all the instances of fraud or potential fraud there had been on Mr D's account and the substantial balance he holds with first direct – and which it could be expected to reimburse – they thought first direct had just cause to continue to restrict his account. Furthermore, as Mr D had access to another bank account he could use with no restrictions they didn't think first direct had treated Mr D unfairly.

Mr D disagreed, he says the instances of scams were years apart and weren't all related and that he is much more clued up now about internet scams than the vast majority of users and so first direct are at far less risk. Mr D wants first direct to reinstate full access to his account 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 Mr D won't take it as a discourtesy that I've condensed his 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 Mr D's complaint is that first direct has unreasonably applied restrictions to transacting on his account online.

My role is to look at problems that a consumer has experienced and see if the business has done anything wrong or treated them unfairly. If it has, we seek to put the consumer back in the position they would've been in if the mistakes hadn't happened. And we may award compensation that we think is fair and reasonable.

It might be helpful for me to say here that, I don't have the power to tell first direct how it needs to run its business and generally I can't make first direct provide a service to a customer if it doesn't want to. These are commercial decisions and not something for me to get involved with.

That said I don't think it would be fair of first direct to restrict access to a product or service it provides a customer without just cause. So the question I have to answer is whether the action first direct have taken in restricting access to Mr D's account online is reasonable given all the circumstances.

And having considered everything – and I know this will come as a disappointment – I'm in agreement with our investigator that I think first direct's actions are reasonable.

Mr D acknowledges he's been the victims of scams and fraudsters in the past but says he is much more clued up on internet scams now and so it's less risk to first direct and points to the fact he did contact first direct in 2023 when he had concerns about giving remote access to his computer to a third-party.

I accept on this occasion Mr D didn't suffer any financial losses, but the action he took here doesn't persuade me he has lowered the risk of him – and by consequence possibly first direct - becoming the victim of a scam again. I say this because Mr D only contacted first direct *after* he'd given the third-party remote access and then less than six months later he was the victim of a fraudster – losing £1,000 - by doing the same thing but this time not

informing first direct of his actions which he's shown he'd previously understood were risky.

I also accept that the incidences of the fraud and scams Mr D has suffered have been years apart and different in nature. But all this does in my mind is reinforce that fact Mr D is vulnerable to this sort of criminal behaviour and given the amount of money Mr D has lost and the amount still susceptible to lose, I think it would be irresponsible of first direct not to take some action to protect both itself and Mr D from this.

Mr D says due to first direct's actions he's unable to freely transact on his account online. I accept this is inconvenient and frustrating for Mr D but he is still able to access information on his account and transact – albeit not in the way he wishes to. I also understand Mr D does have access to an account with another provider which doesn't have any restrictions and so he is able to transfer money between these accounts and transact online if he so wishes. So I can't say that first direct's actions has resulted in Mr D having unreasonable access to his money either.

I appreciate Mr D has been both distressed and inconvenienced by this, but the actions first direct have taken are allowed under its terms and conditions and is in-line with what I'd expect and its regulatory obligations. And ultimately, it took this action to protect both itself and Mr D's interests and so I don't think first direct have acted unreasonably or treated Mr D unfairly here and it follows that I don't uphold this complaint.

My final decision

For the reasons I've explained, I've decided not to uphold Mr D's complaint against HSBC UK Bank Plc.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 7 January 2025.

Caroline Davies
Ombudsman