

The complaint

Mrs M complains HSBC UK Bank Plc trading as first direct (FD) declined her application for a current account unfairly and didn't give her a sufficient explanation for why it had done so.

What happened

Mrs M applied for a new current account with FD in October 2024. The application was declined by FD, and it said it couldn't offer her the account. Mrs M complained about this, but FD didn't uphold the complaint. It said Mrs M hadn't met its criteria.

Unhappy with this response, Mrs M referred her complaint to our Service. One of our Investigators considered the complaint, but he didn't think it should be upheld. Mrs M didn't accept this and asked for an Ombudsman to consider the complaint. So, it's been passed to me to make a final 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.

FD has shown that when Mrs M applied for the account, she would've been told that it would use a credit scoring system, as well as other checks, to decide whether to offer her the account she was applying for. And FD is entitled to have such automated processes in place.

It's ultimately for a business to decide whether to offer a new account to a customer. And it's generally entitled to set the criteria for this. Unfortunately, Mrs M didn't meet the criteria for the account she wished to open, and FD declined her application. This is something it's entitled to do.

I do understand why Mrs M may be confused given that FD's final response to her explains that the application wasn't declined due to information held by credit reference agencies. However, information held by credit reference agencies and credit scoring are different matters. Credit scoring will take into account information held by credit reference agencies but will also consider a number of other factors that the individual bank deems relevant for its criteria. And, FD has confirmed that it was the credit scoring that meant Mrs M wasn't eligible for the current account, not anything specific on her credit record that meant it was declined.

I understand that Mrs M is frustrated by the fact that FD won't give her more specific reasons for the application being declined. However, a lender's criteria is understandably commercially sensitive. I've been provided with evidence that Mrs M's application went through the relevant checks. I can't provide her with more information, other than to say that I'm satisfied FD processed her application correctly and was entitled to decline to offer her the account she wanted. Although Mrs M thinks FD made mistakes when considering her eligibility, I've seen no evidence to suggest this is the case.

Mrs M has said that FD failed to disclose on its website that her current bank had to be a

member of the Current Account Switch Guarantee Scheme for her to be able to switch. I can't see that she raised this point with FD. However, I'd note that, as the new account application wasn't successful, even if it did fail to notify her of this, it's had no material impact or caused any loss.

In summary, whilst I recognise that Mrs M will remain disappointed, FD is under no obligation to offer this account to her. Nor is it required to provide more detailed reasoning as to why it won't offer the account. So I'm not going to uphold this complaint.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 9 January 2025.

Rob Deadman
Ombudsman