

The complaint

Mr B complains about how HSBC UK Bank Plc trading as first direct (FD) treated him when he telephoned them after a debit card decline, and the subsequent service they provided. As a result, Mr B suffered significant inconvenience and stress.

What happened

In August 2024, Mr B contacted FD via their chat facility about declined transactions and as a result, he was required to telephone them. When he did, one call was accidentally ended sooner than intended, and in another call, Mr B didn't pass FD's security checks. This resulted in Mr B's account being frozen for usage, as per FD's procedures. In order to remove the account restrictions, Mr B was required to visit an HSBC branch with identification (ID), or telephone FD again. As a result, Mr B logged a complaint with FD.

FD responded to the complaint saying they could not investigate the matter until Mr B had passed their telephone security process. Mr B replied to FD saying he preferred to contact by email and was reluctant to call, in view of his recent experiences. Soon after, Mr B brought his complaint to our service, so our investigator liaised with FD.

FD then contacted our service to make an offer of compensation for Mr B. They said that the service they provided in a call that Mr B made was not what they expected although they noted that as Mr B appeared to live in France with a UK address, this did cause confusion. In terms of compensation, FD offered Mr B £175 comprising £150 for distress and inconvenience, and £25 for call costs incurred from France. They ended their offer by saying they could not deviate from their security procedures and that Mr B's account would remain locked until he either visited a UK branch of HSBC with ID, or telephoned FD and passed security.

Mr B rejected FD's offer and explained that the block of his account was causing issues in terms of accessing his funds and paying bills, and asked our service to help, and our investigator reiterated to Mr B that whilst we investigated, he needed to follow FD's process and either visit a branch, or telephone. After our investigator completed a full investigation, they issued a view in which they went through the timeline of events in detail, reiterated what Mr B needed to do to regain access to his account, and commented that the compensation total was fair.

Mr B wrote to our investigator to say that he had a trip to the UK planned for January 2025 in which he intended to visit an HSBC branch with ID and instruct closure of his accounts with FD. However, Mr B regarded the £175 compensation offer as insufficient in view of what had happened to him, commenting that a figure of between £300 and £1000 is more appropriate.

Accordingly, it was agreed that an ombudsman would review Mr B'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.

I have looked carefully at all the information FD have provided to see if it has acted within its terms and conditions, followed due process, and to see if it treated Mr B fairly.

If I don't mention any specific point, it's not because I failed to take it on board and think about it, but because I don't think I need to comment on it to reach what I think is a fair and reasonable outcome. No discourtesy is intended by me in taking this approach.

I was sorry to learn that what should have been a straightforward process to go through security and unblock an account has turned into a prolonged complaint for Mr B. Part of my role is to determine whether what took place treated Mr B reasonably, and whether FD followed the process correctly.

What's not in question is that FD made an error in that the level of service they provided within a phone call was not at the standard they expected. I'm glad that FD have recognised this, apologised, and offered compensation.

Mr B feels strongly and has written at length about how FD's treatment has detrimentally affected him, from being unable to access his funds, having to frequently liaise with FD, to the impact it has had on him and his family.

Therefore, I've concentrated my efforts on what caused this, and anything that may have prolonged the situation.

In terms of the decline of the purchases, i.e. the reason for Mr B having to make initial contact with FD, FD is fully entitled, and are required to have in place, compliant due diligence procedures as they've explained. This is standard practice across the financial services industry, and FD's actions were in line with common practices adopted by financial institutions worldwide to protect their customers.

Whilst I do acknowledge that FD made an error within a telephone call, this was a single error. And the blocking of Mr B's account was done in line with FD's stringent security protocols.

One significant aspect that I can't ignore is the absence of evidence that shows Mr B's attempts to call FD to pass security and unblock his holdings. FD made it clear from very early in the complaint, the requirement on Mr B to either visit a branch with ID, or telephone FD. And as visiting a UK branch would have caused significant inconvenience and cost, this left the telephone option. I've seen in Mr B's correspondence that he was reluctant to call FD but faced with this as the only option at the time, I would have expected to see attempts, regardless of what he considers to be past negative experiences.

I've seen significant correspondence from Mr B to FD and to this service, asking for the situation to be resolved by other means but I'm confident that had Mr B directed his efforts towards the telephone, perhaps with his account information in front of him, he would have been able to pass security with FD and would have avoided being in the situation he finds himself in.

I am sympathetic to Mr B's predicament, and the impact, but I have to look at any identifiable errors and within this complaint, on the evidence provided, I can only see the poor service in one call.

Moving on to compensation, it's clear that Mr B feels strongly that a higher amount than FD have offered is warranted. Looking at this service's compensation guidelines, I do feel this complaint falls into the category of 'up to £300' which mentions a single mistake, requiring a reasonable effort to sort out, and cause either some distress, inconvenience, or disappointment. In view of FD's £175 offer, their clarity in terms of what Mr B needed to do, and my considerations regarding the telephone service provided, I regard their offer as fair.

I think FD has acted within its terms and conditions and treated Mr B fairly. And I can't hold FD responsible for Mr B not trying to subsequently call them in an attempt to pass security. And so, other than compensation detailed below, I cannot require it to take any further action towards him.

My final decision

For the reasons I have given it is my final decision that the complaint remains upheld and I require HSBC UK Bank Plc trading as first direct to pay Mr B £175, less any amounts paid already.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 20 February 2025.

Chris Blamires
Ombudsman