

The complaint

Mr S complained about actions taken by HSBC UK Bank Plc trading as 'first direct' and the service it provided when he tried unsuccessfully to arrange a cash collection at a branch and was restricted from using his debit card to make cash withdrawals.

What happened

Mr S was a longstanding first direct customer. In February 2025, first direct asked Mr S to answer some questions about a four-figure transaction he wanted to make so he could withdraw cash to pay someone. When he was unable to satisfy first direct about the payee's identity, first direct said it would only let Mr S make a payment it could track to another bank account – it wouldn't agree to him making such a substantial cash payment to an unverified payee in the circumstances he'd described.

Mr S objected and said that an alternative would be to use his debit card to acquire the cash by making staged withdrawals over a number of days. This prompted first direct to restrict his debit card use at cash machines, so he wouldn't be able to do this.

Mr S felt first direct wasn't entitled to deny him access to his money in these circumstances and believed first direct had exceeded its powers and behaved unreasonably. first direct told Mr S that it had a responsibility to protect its customers and their money. When Mr S brought his complaint to us, our investigator didn't think that first direct had done anything wrong or acted unfairly or unreasonably.

Mr S disagreed with the investigator's view and asked for an ombudsman to review his complaint, so it came to me to decide.

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.

This includes listening to the call recordings provided. Having done so, I've decided not to uphold Mr S' complaint. I'll explain why.

I appreciate that Mr S feels strongly that he is competent to make his own spending decisions and that first direct had no authority and no good reason to prevent him arranging access to his cash – or blocking him from using his card in cash machines. But first direct couldn't simply rely on Mr S approving the proposed payment. I must take into account that first direct has legal and regulatory obligations which require banks to have processes in place to help ensure they take reasonable steps to keep customers' money safe.

first direct's terms and conditions, which Mr S signed up to in order to be able to use the account, say it may not be able to make a payment if it can't confirm the identity of the payee or the customer hasn't provided extra information about the account that it has reasonably asked for.

I think first direct acted fairly and reasonably, and in line with the account terms and conditions which Mr S would've signed up to in order to be able to use the account, when it asked Mr S to provide the information it requested.

Mr S wanted to make a four-figure payment to a new payee – a person he didn't know or have any prior relationship with. He explained to first direct that the payee had cold-called at his property and offered to carry out works for cash (only) and that there was no supporting paperwork. So Mr S wasn't able to satisfy this part of first direct's terms and conditions.

When it was clear to first direct that Mr S couldn't produce any paperwork to help identify the payee and he couldn't supply any payee details or information, it offered him alternative payment options, including paying by card. This seems fair and reasonable to me as this would enable the payment to be tracked to a named bank account. So I'm not upholding this part of Mr S' complaint.

I can appreciate that Mr S was surprised and upset to learn that first direct also intended to restrict his debit card. It did this so he wouldn't be able to use it to circumvent not being able to transfer the lump sum he needed in order to be able to withdraw cash in branch and instead take the money out of cash machines in staged withdrawals. The action was prompted when Mr S suggested this was a possibility, causing first direct to be concerned he intended to do this. Mr S said he was simply pointing out loopholes in first direct's processes – and I accept that he didn't say that he intended to do this himself. But having listened carefully to the recording of this conversation, I can understand why the call handler was concerned and felt it was necessary to take this precautionary action to stop Mr S being able to make the cash payment he intended to an unverified payee. And I don't consider that first direct acted unfairly or unreasonably when it did this – especially bearing in mind that:

- first direct told Mr S the restriction was a temporary measure for this specific purpose only, and
- he could phone first direct if he wanted to make a withdrawal from a cash machine and it would assess his request on a case-by-case basis, and
- first direct gave Mr S a temporary daily limit of £150 so he wasn't without access to all cash, and
- first direct subsequently reinstated the daily £500 withdrawal limit Mr S had been able to operate previously.

To sum up, I consider that first direct was clear about the information it needed, and why, and I think its information requests were reasonable. It's up to first direct to decide how it meets its regulatory obligations, so I can't say that it acted unfairly or unreasonably when it asked Mr S for information it says it needed to meet these obligations – and its actions were covered by its business terms. I am satisfied that first direct acted proportionately when it restricted Mr S' debit card as it was a short-term response when first direct had legitimate reason for concern about the untraceable cash payment Mr S intended to pay to an unknown person. He still had access to his money and other payment options – and first direct reviewed, relaxed and finally reinstated Mr S' daily limit when it was able to be satisfied that restrictive measures were no longer necessary.

I recognise that Mr S found all this frustrating and I understand that he's since switched away from first direct. But in order to uphold this complaint I would need to be able to fairly say that first direct did something wrong or acted in a way that wasn't fair and reasonable – and I haven't seen enough here to do so. It follows that I can't award the compensation Mr S would like me to. And I won't be asking first direct to do anything more.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 27 May 2025.

Susan Webb
Ombudsman