

## **The complaint**

Mr D complains that HSBC Bank UK plc trading as first direct prevented him from accessing his money unfairly causing him stress, inconvenience, and financial detriment.

## **What happened**

Mr D wrote a cheque, payable to himself, for £10,000. When this cheque was presented for payment, first direct contacted him and questioned where the money was going, what it was for and why he'd issued a cheque for this amount. Mr D said he wanted to fund an account he held with another bank. First direct asked why he needed that amount of money in his other account and Mr D replied that it was none of their business.

First direct's representative then explained to Mr D that because of the previous scams on his account, it had placed restrictions, which Mr D was aware of, to prevent future harm and also provide reassurance to Mr D that it was taking seriously its duty of care to him as a customer. The restrictions put in place required Mr D to contact first direct's Customer Care Team if he wanted to transfer money, so it could satisfy itself that Mr D wasn't potentially being scammed.

Mr D strongly disagreed with first direct's actions. He said he'd told it that the money was going to an account in his own name and there was no possibility of a scam in this circumstance. First direct maintained its stance that it wouldn't pay the cheque. Mr D then said he had to pay a bill for a new fence but was asked to provide an invoice to prove this. Mr D felt this was above and beyond any duty of care the bank owed to him and complained.

First direct said in its final answer that it'd explained why restrictions were in place on Mr D's account (previous scams), and that they were there to both protect him and the bank. It said again that Mr D had to call its Customer Care Team before any transfer was made, so the bank could satisfy itself there was no possibility of a scam.

It confirmed the cheque book held by Mr D had been stopped to prevent him from avoiding contact. It ended by saying the bank had no plans to lift the restrictions.

Mr D was very unhappy that first direct was restricting access to his account so drastically and so brought his complaint to this service where one of our investigators reviewed his concerns.

Our investigator said they felt first direct had acted reasonably in all the circumstances. They said the restrictions had been put in place to protect both Mr D and the bank and that the procedure for arranging transfers had been made clear to Mr D.

They said Mr D had tried to circumvent the restrictions by issuing a cheque to himself. If he'd provided the information first direct required, the transfer would've been made. They concluded by saying they were satisfied the restrictions were in place to protect Mr D's interests.

Mr D disagreed with our investigator and asked for the case to be reviewed by an ombudsman. So, it was passed to me to decide, and I issued a provisional decision.

In that provisional decision, I considered several issues around what liability first direct had if

- Mr D was scammed from the account to which he was transferring money,
- what information Mr D gave first direct when it questioned him about the intended use of the funds and
- whether first direct was right to be treating Mr D as vulnerable.

In summary, this is what I said.

If a customer is scammed from another account in the customer's name, but held at another financial institution, first direct could still be held liable. I say this because if first direct had a concern over the destination of the funds, or what they'd be used for once they'd been received, it had a duty to challenge the payment and satisfy itself that the funds were being transferred for genuine transactions to avoid potential liability.

In Mr D's circumstances, first direct needed him to explain why he was making transfers and provide evidence. That was a justified stance to take to prevent itself from being liable for a future claim of allowing a scam to happen.

I think first direct was right in judging Mr D to be vulnerable, although Mr D disputes this. Mr D had fallen foul of scams in the past, one for a very significant amount of money and so first direct was right to think Mr D may be vulnerable to future scam attempts. In addition to this, Mr D had previously said first direct had failed in its duty of care to him as a customer and had carried out due diligence and so I think this process was in place to provide reassurance to both Mr D and first direct.

I listened to the phone call Mr D had with first direct's representative when it tried to find out why the funds were being moved and what they were needed for. I don't think it would be wrong to describe the call as challenging. Mr D wasn't forthcoming with answers to the questions he was asked and when he did give answers, they were brief and lacked real depth. Mr D said he needed the money on his other account – he was asked why – Mr D said it was none of first direct's business.

As I've explained above, because of the way scams work now, first direct was both entitled and obligated to continue to press for an answer. When Mr D eventually said it was for fencing and the amount was circa £5,000, first direct rightly asked why the extra £5,000 was needed. Mr D had no response to that. So, first direct refused to pay the cheque.

I think given way the tenor of the call, and the answers given, first direct had valid concerns both as to the use of the funds and the potential of a scam and so was right to block the payment.

Given these conclusions, I'm persuaded Mr D was a vulnerable customer who had attempted to circumvent the procedures put in place to safeguard both him and first direct. I think first direct had a duty to challenge the payment being made and that the information Mr D provided didn't satisfy it. So, I believe first direct was right to block the payment and doesn't have to do anything further regarding this 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.

Neither Mr D nor first direct responded to my provisional decision and so I see no reason to

change the decision I reached. For that reason, I do not uphold this complaint.

### **My final decision**

My final decision is that I do not uphold this complaint against HSBC UK Bank plc trading as first direct.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 4 August 2025.

Stephen Farmer  
**Ombudsman**