

The complaint

Mr D's complaint is about HSBC UK Bank Plc, trading as first direct's removal of the overdraft limit on his current account.

What happened

first direct removed Mr D's arranged overdraft limit of £5,000 on 15 May 2024.

On 3 July 2024 a transaction took Mr D's account overdrawn by £91.87.

On 4 November 2024 Mr D called first direct to complain that the overdraft had been removed without giving him the appropriate notice. Mr D said reporting arrears on his account because of the overdrawn balance was impacting his ability to obtain a mortgage.

On 14 November 2024 first direct closed Mr D's account and stopped reporting any further arrears, although they continued to report the outstanding balance to the credit reference agencies (CRAs).

Our Investigator concluded Mr D's complaint should not be upheld as they did not think, in the circumstances, that first direct had done anything wrong.

Mr D strongly disagreed because, in summary, he did not think first direct had fairly communicated to him that the overdraft was being removed. Mr D expressed concerns about the address and telephone number records first direct held for him, and that he was having trouble accessing his account online. Mr D said first direct was also making it difficult for him to repay the outstanding balance.

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 realise this matter is important to Mr D, but from the evidence and submissions available to me I am not persuaded to uphold his complaint for broadly the same reasons as those of our Investigator, as I'll explain.

While I've only included a summary of what's happened above and while I may not respond to every point each party has raised, I have reviewed all the submissions available and focused on what I consider to be relevant to reaching a fair and reasonable resolution in this matter.

To do this I have taken into account any relevant law and regulations, regulator's rules, guidance and standards, codes of practice and (where appropriate) what is considered to have been good industry practice at the relevant time.

When the evidence is incomplete, inconclusive, or contradictory, I've made my decision on the balance of probabilities – which, in other words, means I've based it on what I think is

more likely than not to have happened given the available evidence and the wider circumstances.

The parties should also note it is not my role to fine or punish a firm, or to interfere with its processes, systems or controls – those are considerations for the appropriate regulator.

With an obligation to lend responsibly, and under the terms and conditions of their accounts, first direct review the provision of overdrafts to their customers from time to time. Such a review prompted first direct to remove Mr D's authorised overdraft.

Mr D's main concern is with not being given notice that the overdraft would be removed. I've therefore considered whether first direct have done anything wrong in this regard or acted unfairly in some other way. Having done so, in the circumstances, I've not seen enough to persuade me that they have. I say this for the following reasons:

- first direct sent Mr D a letter on 11 April 2024 giving him notice the overdraft would be removed on 15 May 2024. They sent the letter to Address B in the United Kingdom (UK). Mr D has said Address B was not the correct address but, in the circumstances, I think it was fair for first direct to have used it.

I say this because during a call with first direct on 4 November 2024, contrary to what Mr D has more recently told our Investigator, Mr D confirmed to first direct that while Address B was an old address, he should get mail there as it is where his parents live. And during the call Mr D changed his address to an address abroad telling first direct he would change the address back on his return to the UK.

The terms and conditions of the account require customers to tell first direct about any changes to their contact details noting that first direct will not be held responsible if a customer then does not receive information or notices from them.

first direct's records show that the last time Mr D changed his address was in 2018.

I think it reasonable for first direct to have sent any correspondence to the last known correspondence address they had for Mr D. And given Address B had been on first direct's records since 2018, I think it would be reasonable for Mr D to have queried non-receipt of any correspondence (letters / statements or otherwise) sooner if this was no longer an address he was using.

first direct also wrote to Mr D at Address B each month after his account became overdrawn, notifying him of his balance and arrears.

I can't know with any certainty what happened with the 11 April 2024 letter, but on balance, I think it was more likely than not sent to Mr D at Address B, and I think the subsequent letters were also more likely than not sent for Mr D's attention at Address B. If there were any postal issues that is not something I can reasonably hold first direct responsible for. My considerations are limited to first direct's actions only.

- Mr D says first direct failed to notify him about his overdraft by text.
first direct do offer a service to customers to provide certain updates by text – although their terms and conditions explain that some mobile phones or network operators may not support the service.

Mr D's contact numbers were changed in August 2018 so that Mr D's international mobile phone number was recorded as his 'mobile' phone number on first direct's

systems. first direct have explained this is why Mr D was not receiving text messages from them. Mr D's UK mobile phone number was recorded as his 'home' number.

I'm aware Mr D believes the fault here lies with first direct, and first direct submit Mr D likely input the phone numbers this way; however, given the time passed there are no available call recordings from 2018, or any other records to show what happened.

Given the limited evidence available and conflicting submissions, it is difficult for me to know how the phone numbers were updated. Although, I think it fair to question why Mr D did not query the lack of text messages for nearly six years if this was a service he relied on as he has said. I've therefore not seen enough to persuade me first direct did something wrong here.

- It is generally accepted there is some responsibility on customers to monitor their own accounts.
- Mr D says he has had problems accessing his account online.

Mr D says he did contact first direct about being unable to access his account, but I've seen no record of this prior to November 2024.

first direct's records support that the last time Mr D accessed his account online was in September 2023 on the same day he called them. This appears to be the same month Mr D last made a payment into the account, after which the account was not used in the same way as it had been.

Given the limited submissions I think it more likely than not that Mr D did not attempt to access his account after September 2023 until this matter came to light in November 2024. So I don't think it reasonable to say first direct have done something wrong here. If Mr D made no attempt to access his account between September 2023 and November 2024, it would be unreasonable for first direct to have known if there was a problem for Mr D accessing his account.

first direct have said Mr D can contact them if he is now having difficulties using their services online.

- first direct's reporting of Mr D's account in arrears from August 2024 until October 2024 is fair in the circumstances. They have shown they are not reporting the accrual of any further arrears but instead are reporting the outstanding balance and have not reported the account as defaulted.
- Mr D has said he has been unable to make a payment to the outstanding balance, but I'm aware when the complaint was raised that Mr D was told by first direct he could clear the balance at any time by transferring funds. Mr D confirmed at the time that he had the funds available but said he would withhold them until first direct changed his credit file.

Since the account was closed Mr D has been told he can call first direct to make a payment. I'm therefore not persuaded that Mr D has been prevented from being able to settle the outstanding balance if that is something he wishes to do.

I realise Mr D is frustrated with what has happened as he has said this matter impacted his ability to obtain a mortgage. It is not my intention to add to Mr D's problems, but my role is to reach a fair and reasonable outcome in the circumstances of the case for both parties and overall, in the circumstances of this complaint, I've not seen enough to say first direct have done something wrong or acted unfairly.

My final decision

For the reasons above, my final decision is that Mr D's complaint is not upheld.

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

Kristina Mathews
Ombudsman