

The complaint

Mr G complains that HSBC UK Bank Plc trading as First Direct (First Direct) acted unfairly when it blocked his account without providing an explanation and timescale. Mr G says he lost out financially and wants compensation for the trouble and upset he suffered.

What happened

The details of this complaint are well known to both parties, so I won't repeat them again here. Instead, I'll focus on giving my reason for my 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.

I'm very aware that I've summarised the events in this complaint in far less detail than the parties and I've done so using my own words. No discourtesy is intended by me in taking this approach. Instead, I've focused on what I think are the key issues here. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts. If there's something I've not mentioned, it isn't because I've ignored it. I'm satisfied I don't need to comment on every individual argument to be able to reach what I think is the right outcome. But I want to assure Mr G that I have read all his submissions.

I've decided to not uphold this complaint. I'll explain why:

- I want to make it clear that I understand why what happened concerned Mr G. I've no doubt it would've come as quite a shock to him, and he would've been very worried to find out that his account and funds had been blocked. But as the investigator has already explained, First Direct has extensive legal and regulatory responsibilities they must meet when providing services to customers. They can broadly be summarised as a responsibility to protect people from financial harm, and to prevent and detect financial crime.
- First Direct are also required to conduct ongoing monitoring of new and existing relationships. That sometimes means they need to restrict customers' accounts – either in full or partially while they conduct their review. The terms of the account also permit First Direct to block an account. This means First Direct is entitled to block and review an account at any time.
- Having looked at all the evidence, I don't believe it was unreasonable in the circumstances for First Direct to block Mr G's account. I say this because Mr G had made a payment of £20,000 into his account and wanted to move it on quickly which given what First Direct knew about Mr G's source of funds and how he used his account on a day-to-day basis was out of character.

- As part of its review First Direct asked Mr G for information about his source of funds and his income. First Direct has explained that this was its standard procedure, and I accept that it was. I'm satisfied that in doing so First Direct were complying with its legal and regulatory obligations. So, whilst I accept, the bank's actions caused Mr G inconvenience and upset when it blocked his account, I can't say First Direct did anything wrong and treated him unfairly in doing so.
- I acknowledge Mr G's point that he had made a similar payment in November 2024, and he was making payment to himself, that the money was his life savings and he was moving it to take advantage of the best interest rates available. Mr G says he's out of pocket because he wasn't able to earn interest on his money whilst his account was under review. So, he wants first Direct to compensate him for his financial loss. But First Direct couldn't simply rely on Mr G approving the proposed payment – even when it was to another of his accounts. And it makes no difference to the outcome that Mr G had made a similar payment previously. Given the amount involved, I don't find First Direct acted unfairly when it flagged the payment for additional security checks to comply with its legal and regulatory obligations. So, it wouldn't be appropriate for me to ask First Direct to pay Mr G compensation since I don't find they acted inappropriately.
- I understand of course why Mr G wants to know the exact reasons behind First Direct's actions. And I can see that Mr G sent numerous emails and to and spoke to staff on the phone and using First Directs chat facility asking First Direct to explain itself on more than one occasion. But First Direct doesn't disclose to its customers what triggers a review of their accounts. And it's under no obligation to tell Mr G the reasons behind the account review and block, as much as he'd like to know. So, I can't say it's done anything wrong with not giving Mr G this information. And it wouldn't be appropriate for me to require it to do so.
- The terms and conditions of Mr G's account also make provision for First Direct to review and suspend an account. And having looked at all the evidence, including the information First Direct has provided to this service, I'm satisfied that First Direct acted in line with this when it blocked Mr G's account. So, although I understand not having access to his account caused Mr G trouble and upset it wouldn't be appropriate for me to award Mr G compensation since I don't believe First Direct acted inappropriately in taking the actions that it did when it blocked Mr G's account, and asked Mr G to provide information about his how he was using his account and source of funds.
- Mr G says that First Direct's review took too long. He says the money was his life savings and being without access to the funds was very stressful. So, he wants compensation for the upset he suffered because of being deprived of access to the money in his account. So, I've looked at what First Direct were doing after I blocked Mr G's account. I have reviewed correspondence and listened to phone calls between Mr G and First Direct.
- I can see that First Direct blocked Mr G's account on 7 February 2024 and unblocked it on 13 February 2024, after it spoke to Mr G on 10 and 12 February 2024 and asked him to provide information. I recognise the overall time this situation has taken. And I accept that Mr G's account was blocked for six days (including over a weekend). But I'm satisfied that First Direct didn't cause any delays and completed its review as quickly as possible. I also think it's fair to say that First Direct required Mr G to answer questions and provide information about the activity on his account and source of funds. I say this because, First Direct had reasonable grounds in which to ask for the information that it had requested from Mr G – to comply with its legal and

regulatory obligations. So, I won't be asking First Direct to compensate Mr G for any trouble and upset this caused him.

- Whilst I don't think First Direct did anything wrong when it reviewed Mr G's account, I do think they got things wrong when in how they communicated with him. First Direct has acknowledged their errors and offered Mr G £25 compensation. Mr G says this isn't enough.
- Having listened to the calls and looked at the chat transcript I'm satisfied that Mr G was given wrong information when he initially contacted First Direct about being unable to move his money. I can see that that First Direct incorrectly led him to believe that there was a technical problem with his account. So, Mr G wasted time resetting his account.
- Banks are staffed by people, and people sometimes make mistakes. Of course, banks should take reasonable steps to avoid making mistakes, but it's unrealistic to expect mistakes will never be made. Having read Mr G's submissions about how First Direct communication impacted him, I don't doubt the errors made by First Direct caused Mr G trouble and upset. So, I'm satisfied that compensation is appropriate for this.
- I have carefully considered all of Mr G's submissions about how First Direct actions impacted him, including the effect of the stress Mr G says was caused by all this on his and the time he had to spend on the phone. I recognise that First Direct should have done better in the first place. But the fact is, things went wrong, and that impacted Mr G through no fault of his own. This is not the level of service Mr G would reasonably have expected to receive. First Direct has offered Mr G a total of £25 compensation to acknowledge their error and to put right the impact it had. That seems fair to put things right here. In reaching this conclusion I have kept in mind that First Direct corrected its error quickly and told Mr G that the reason he was having trouble accessing his account was due to it being blocked and under review.
- I know Mr G is seeking more compensation. But when a business makes a mistake, we often tell them to pay compensation, to acknowledge their error and the impact it had. In terms of the amounts, it's worth keeping in mind that we're an informal dispute resolution service. We're not the regulator, and we're not here to issue fines or to punish businesses. Further, I'm only awarding compensation for First Direct's service – as above, I've found the review of Mr G's account to be fair. I find no fair or reasonable basis on which to award anything more. I've considered Mr G's further comments. But these don't change my conclusions.

In summary, I appreciate Mr G feels strongly about his complaint and I am sorry to have to disappoint him on this occasion. I hope he understands the reasons for my decision and at least feels he has been listened to. But I won't be asking First Direct to anything more to resolve Mr G's complaint.

My final decision

For the reasons I've explained, my final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 27 January 2026.

Sharon Kerrison
Ombudsman