

The complaint

Miss H complains that HSBC UK Bank Plc trading as First Direct (First Direct) refused to pay a switching incentive when she opened an account with them.

What happened

Miss H applied for an account with First Direct in January 2025. The Current Account Switch Service (CASS) process was initiated but couldn't be facilitated and so First Direct didn't pay Miss H a switching incentive that she'd expected to receive.

Miss H complained to First Direct in February 2025 about their refusal to pay the switch incentive.

First Direct sent Miss H their final response to her complaint in February 2025. They said that to qualify for the incentive certain criteria must be met, one of which is to switch an account to them using the CASS within 45 days of joining. They said Miss H's previous bank declined the CASS and so the criteria hadn't been met. First Direct said that Miss H could switch another account, if she had one, within the 45 days to qualify for the incentive payment.

Unhappy with First Direct's response, Miss H brought her complaint to this service for investigation. She said she'd met all conditions for the incentive that were in her control, and failure to receive the incentive was due to her previous bank. She said First Direct rigidly enforced their rules, penalising her for a situation that she didn't create.

Our investigator gave their view that First Direct accepted Miss H's application in good faith, and their decision not to pay the incentive was in accordance with the product terms and conditions. They said they didn't think the criteria were unusual or unreasonable, and so they didn't ask First Direct to do anything more.

Miss H didn't agree. She said she met every requirement in her control, and it wasn't fair for First Direct to apply the terms and conditions so rigidly in the circumstances.

As an agreement can't be reached, the case has been passed to me for a 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.

First Direct set out the terms and conditions which must be met to claim the incentive payment when switching an account to them. Those conditions say:

"Within 45 days of your account opening you need to: switch to us using the Current Account Switch Service (including at least 2 Direct Debits or standing orders) ..."

I'm satisfied that these terms were provided to Miss H in good time and in a clear manner, and that she was aware of them prior to deciding to open an account with First Direct.

It's not unusual for a bank to require CASS to be used when claiming a switching incentive, it allows proof of a full switch of a banking relationship, provides guarantees should issues occur and automates the process, amongst other things. I'm satisfied that First Direct's inclusion of this requirement in its terms wasn't unfair or unreasonable.

It's not in dispute that Miss H didn't meet the terms of the switching incentive, so I've considered whether First Direct have acted fairly in applying them in Miss H's case.

Ultimately, Miss H's previous banking provider declined to complete the CASS process, which meant that Miss H was unable to claim the incentive from First Direct.

Whilst I appreciate that this is frustrating for Miss H, and that there's little she could have done to meet the switch criteria in these circumstances, I'm not persuaded that First Direct have acted unfairly in applying their terms in this case.

First Direct aren't obligated to pay the switch incentive where the criteria aren't met. And I haven't seen any evidence which suggests that it was unfair for First Direct to require the CASS process to be used for Miss H to qualify for the incentive payment.

All things considered, I find the terms were clear, not unreasonable, and First Direct have applied clear rationale within the commercial scope open to them to determine how to apply those terms. I haven't seen any evidence that it was otherwise unfair or unreasonable for First Direct to apply the terms of the switching incentive in this case. And so, whilst I appreciate that Miss H went to considerable effort to meet the terms of the incentive that were in her control, I find that First Direct don't need to do anything more.

Miss H has said that there were problems with her previous bank account, which prompted the switch in the first place. I understand that Miss H has complained to her previous banking provider and has asked this service to consider that complaint. I haven't considered the actions of Miss H's previous banking provider in this complaint, and the investigation of that complaint will continue.

My final decision

For the reasons outlined above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss H to accept or reject my decision before 12 March 2026.

Zoe Merriman
Ombudsman