

## The complaint

Mrs P and Mr P complain that a cheque paid into their account with HSBC UK Bank plc trading as first direct was refused because the cheque was made payable to Mrs P in her known name rather than her forename.

## What happened

Mrs P had a cheque which needed to be paid into the joint bank account she held with her husband Mr P at first direct. The cheque was made payable to Mrs P in her middle name and surname. Mrs P says it's her middle name she's always known by. Mrs P used the first direct app on 27 May 2025 to deposit the cheque and assumed all would be well.

A letter was sent to Mrs P on 27 May 2025 to say the cheque couldn't be accepted. Because the payee name didn't match the name on the account.

It's relevant here to say that the joint account is held in the names of Mrs P and Mr P jointly as forename, middle name(s) and surname.

Mrs P engaged with first direct by phone and was told the app could sometimes "just reject cheques". At that point the letter wasn't viewable by the agent. But when Mrs P saw the letter, she began a "chat" and was told again that the cheque hadn't been accepted because the cheque was payable to Mrs P as her middle name and surname not her forename and surname. Mrs P said she'd been known by her middle name since birth and felt it wrong that she couldn't pay her cheque in. She was told one option would be to change the name on the account. Or ask for the cheque to be reissued. Mrs P didn't accept either option so asked for a complaint to be raised.

First direct sent Mrs P and Mr P a final response letter on 31 May 2025. It said that to follow the Cheques Act 1992, it only accepted cheques where the payee name matches the name on the account. It said a business decision had been taken to that effect.

First direct said that it accepted the call between Mrs P and its agent on 27 May 2025 could have been handled better – because incorrect information was given. And it said feedback would be provided to the agent and their manager.

Mrs P replied to first direct on the same day saying it had previously accepted cheques payable to her husband when the cheque was written out just in his forename and surname and so its reasoning didn't follow. She also took exception to being told she could change the name on the account. But she did confirm that she'd been able to pay the cheque in successfully elsewhere.

First direct responded and said it couldn't comment on another bank's procedures for accepting cheques. But it said the decision it had reached previously stood. Mrs P and Mr P remained unhappy and referred their complaint to the Financial Ombudsman Service where one of our investigators considered Mrs P and Mr P's concerns.

The investigator said in their opinion that first direct didn't need to do anything further. But

they also said that they felt first direct's offer of £50 was fair. And so they wouldn't be asking first direct to do any more.

Mrs P disagreed with our investigator and cited the Cheques Act and said first direct's interpretation was wrong. They said use of a middle name and surname identifies a person as clearly as a forename and surname. So, they asked for an ombudsman to review the case. It's therefore been passed 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.

I would like firstly to reiterate two points that our investigator made in relation to what the Financial Ombudsman Service can and more importantly can't do.

I can't either fine or punish a business for getting something wrong. I can only assess the impact of any mistake made and compensate fairly for that impact. Secondly, I can't tell a business how to run its operations. That is the role of the regulator. I can only look to see whether a firm has treated a customer fairly and reasonably.

In Mrs P and Mr P's case, I do think the customer service aspect could have been better. And for that I intend to award compensation. But on its decision to not accept Mrs P's cheque, I don't intend to say first direct did anything wrong.

Mrs P and Mr P's account(s) are held with their full names being shown on the account. First direct has made the business decision that it will only accept cheques where the payee name matches the account name. Mrs P makes the point that Mr P has cheques accepted payable to him as forename and surname, how is that different to the cheque being payable to her as middle name and surname?

Mrs P sent an extract from the Cheques Act which says:

“For any instrument to be considered a valid cheque, the person to whom it should be paid i.e. the payee should be clearly identified.”

Mrs P says first direct's interpretation of the Cheques Act is wrong. When I make a decision, I have to consider best practice, industry rules and regulations as well as the law. It's also worth saying that I take account of these – I don't have to follow them to the letter as a court would. Only a court can decide if a statute has been broken.

First direct has made the decision to only accept cheques where the payee name matches the name on the account. Mrs P says that cheques are accepted where only her husband's forename and surname is used – the cheque doesn't have to be made out with all his names. She says the same should apply to her where her middle name and surname are used. She says use of middle name and surname identify a person just as clearly as use of forename and surname.

I see Mrs P's argument here, but I don't agree with it.

First direct has a duty to make sure any cheque is credited to the correct person. That's why it decided to only accept cheques where forename and surname matched the account. I don't think that's an unreasonable stance to take to protect customers from having cheques stolen and paid into the wrong account. I accept that in cases where a customer is known by a different name or a middle name, it may call for additional explanation. But I think that's reasonable to protect customers funds. So I don't find first direct's actions to be unreasonable.

I think the explanation on the first phone call that the app can sometimes just reject cheques wasn't particularly helpful. Because I think that undermines trust in the app. But overall, I don't think the agent dealt with the call badly. For that reason, I consider that a small amount of compensation is warranted.

### **Putting things right**

I've taken all that's been said when reaching a decision on what compensation should be payable. I accept that Mrs P's first call with first direct could have been better. I'm pleased first direct has acknowledged that and given feedback. I'm also pleased to see that Mrs P was able to pay her cheque in relatively quickly (this had been done by the time she replied to first direct on 31 May 2025). So, I'm satisfied there is very minimal financial detriment to Mrs P and Mr P. But I agree this episode has been frustrating.

I consider that compensation of £50 is sufficient to settle this complaint and is in line with what I'd have awarded if first direct hadn't already made the offer.

### **My final decision**

My final decision is that I uphold this complaint and direct HSBC UK Bank Plc trading as first direct to pay compensation of £50.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs P and Mr P to accept or reject my decision before 11 November 2025.

Stephen Farmer  
**Ombudsman**