

The complaint

Mr O complains that HSBC UK Bank Plc trading as first direct (First Direct) refused to recall his credit-card debt after it had been passed to its recoveries team.

What happened

Mr O complained that the debt from his credit card with First Direct was transferred to their debt recovery team. Mr O said he's been paying around £50 a month for the past year and was recently given a six-month payment break. But that timescale was not enough, considering his health condition.

Mr O said he asked First Direct to take the debt back from the recovery team, but they declined, despite knowing about his health problems and vulnerability. Mr O said First Direct's refusal to do this was an unacceptable disregard for his well-being.

To resolve things, Mr O wants First Direct to recall the debt and pay him £750 in compensation for the distress and worry this whole situation has caused him.

In October and November 2025, First Direct issued their final responses to Mr O's complaint. In summary, they said the debt was transferred in 2023 to their debt recovery team. They weren't considering writing off the debt or paying any compensation for his complaint. They said any queries relating to the debt should be directed to the recovery team.

Unhappy with their decision, Mr O brought his complaint to our service where it was passed to one of our investigators to look into.

In December 2025, our investigator issued their view and recommended that Mr O's complaint should not be upheld. In summary, the investigator concluded that First Direct had acted fairly and didn't need to take any further action in relation to the complaint.

Mr O told the investigator during a phone conversation that he didn't accept the view and asked that his complaint be referred to an ombudsman for a final 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.

In considering what is fair and reasonable, I've thought about all the evidence and information provided afresh and the relevant law and regulations, regulators' rules, guidance and standards, codes of practice and (where appropriate) what I consider to have been good industry practice at the relevant time.

I've read and considered the whole file, but I'll concentrate my comments on what I think is relevant. If I don't comment on any specific point it's not because I've failed to take it on board and think about it but because I don't think I need to comment on it in order to reach what I think is the right outcome.

Firstly, I acknowledge what Mr O has told us about his medical condition and vulnerable situation, and I'm sorry to hear about this. I recognise this would likely have made things more difficult for him. Information relating to further support from recognised organisations about this can be found on our website at the following address: <https://www.financial-ombudsman.org.uk/accessibility/additional-support>.

The Consumer Credit Act 1974 requires businesses to serve notice on a borrower before they can become entitled to take certain actions, including terminating an agreement. I can see that First Direct wrote to Mr O in August 2023 in September 2023, about the arrears on his account which included a default notice advising his account could be closed and steps taken to recover the amount owed through their debt recovery team. This led to the transfer of debt in October 2023, and the issue that Mr O complains about.

Mr O said it was unfair that First Direct wouldn't recall the debt from their recovery team. However, I'm not persuaded they need to do so.

The terms of the agreement are reasonably clear about the requirement to maintain repayments and what the consequences of not doing so could be, which included transferring *"all of our rights and responsibilities under the agreement and in relation to your account to someone else."*

The Consumer Credit Sourcebook (CONC), which can be found within the Financial Conduct Authority's (FCA) handbook, says that a business must treat *customers* in default or in arrears difficulties with forbearance and due consideration. CONC 7.3.5 provides some examples which include, suspending, reducing or waiving interest or charges, allowing payment deferrals or accepting token payments.

In consideration of the above, I'm satisfied First Direct demonstrated forbearance to Mr O, for example in the form of applying payment breaks or placing a block on his account to minimise the debt and its related charges.

Having said that, I've considered in the circumstances of this complaint that Mr O's main concern is that First Direct have refused to take the debt back from their recoveries team.

Mr O shared in some detail the nature of his health condition, the challenges it poses him, and that the situation surrounding his account has made things worse for him. Mr O believes in consideration of his situation First Direct should recall the debt so it could be managed by them.

I've thought about this carefully and although I acknowledge how strongly Mr O feels about this, I'm not persuaded First Direct are obliged to do so.

I've already concluded that First Direct have acted fairly by transferring the debt in the first place, and so with that being the case I don't consider they need to take any action to have it recalled.

I don't consider that Mr O's health condition means they should change their position here.

In relation to the treatment of customers in vulnerable circumstances, the FCA says: *"We want firms to act to deliver good outcomes for customers in vulnerable circumstances."*

Having thought about the actions taken by First Direct I don't consider that they are not acting to deliver a good outcome for Mr O.

By transferring the debt to a recovery team, Mr O can receive a focussed approach to reducing his outstanding balance. For example, Mr O told us that he'd been granted a six-month payment break, although he doesn't consider this as adequate, it's an action that would likely have been taken by the recovery team to support his situation.

Mr O has raised concerns about First Direct's breach of their obligations under the consumer duty. I've thought about this carefully, however, for the reasons given above, I don't consider that they acted unreasonably or in a way that had caused Mr O any foreseeable harm.

As I've concluded that First Direct have acted fairly in the circumstances, I don't require them to take any action in respect of this complaint.

My final decision

Having thought about everything above, along with what is fair and reasonable in the circumstances, I don't uphold Mr O's complaint about HSBC UK Bank Plc trading as first direct.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 20 February 2026.

Benjamin John
Ombudsman