

The complaint

Mr L complains that HSBC UK Bank Plc trading as first direct (“first direct”) didn’t inform him at the outset that he wasn’t eligible for the £170 switching incentive payment.

What happened

In February 2023 first direct were offering an account switching deal where it would pay £170 if certain qualifying criteria were met. Mr L wished to take advantage of this deal and started an account switch application with first direct and opened an account.

Mr L had previously held an account with first direct opened in 2016 and was paid first direct’s joining incentive then. Mr L closed this account in October 2022 but continued to hold a credit card with first direct. One of the qualifying criteria to receive the incentive payment was that you must be a new customer who has not ever held a first direct product. After opening the account Mr L didn’t receive the £170 switch incentive payment and contacted first direct about this.

First direct informed Mr L that he wasn’t eligible for the payment as he’d previously held an account with it.

Mr L was unhappy with this and brought his complaint to this service. Mr L says that first direct shouldn’t take potential customers through a thorough application to meet the criteria, accept the response and open the account and then refuse the offer. He says had he known he wasn’t eligible for the incentive payment he may not have gone through the whole process.

One of our adjudicators looked into Mr L’s concerns and didn’t think that first direct had treated him unfairly. They thought that first direct’s website had made it clear and specified that in order to qualify for the switch service incentive payment you needed to be a new customer and not have ever held a first direct account. Furthermore, they thought it wasn’t unreasonable to wait to assess Mr L’s application for the incentive at the end of the qualification period.

Mr L disagreed, he thinks first direct should’ve rejected his application from the outset and has asked for an ombudsman’s 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.

Having considered everything provided, I've decided not to uphold Mr L's complaint.

My role is to look at the problems Mr L has experienced and see if first direct has done anything wrong or treated him unfairly. If it has, I would seek – if possible - to put Mr L in the position he would've been in if this hadn't happened - in this case direct first direct to pay him the £170 incentive for switching his account.

Mr L is unhappy first direct told him after he switched his account that he didn't qualify for the incentive payment.

But first direct's website makes it clear that to qualify for the incentive payment you needed to be a new customer and not have held a first direct account before. Mr L was neither of these things – he'd previously had an account with first direct only a few months earlier which he'd received an incentive payment for when he opened that account and he still held a credit card.

Mr L says he wasn't made aware of this prior to switching his account and may not have switched accounts if he'd known he wouldn't be eligible for the payment. But I think it's unlikely you would switch accounts solely to receive an incentive payment without making yourself aware of what you needed to do to qualify and the website makes this quite clear.

And I think a reasonable person would likely understand that the purpose of such schemes is to attract new customers and their business and not to have customers switch bank accounts back and forth to capitalise on the incentive payments.

Mr L thinks it was unfair of first direct to allow him to continue with his application when it had knowledge that he already had held accounts with it and wouldn't qualify for the payment. But I can't see anywhere that Mr L told first direct the only reason he was switching was to receive then incentive payment. Indeed, Mr L could've been switching accounts for any number of reasons, such as being unhappy with his current account provider. So overall and having considered everything I don't think first direct has done anything wrong or treated Mr L unfairly and so I do not uphold his complaint.

My final decision

For the reasons I've explained, I do not uphold Mr L's complaint against HSBC Bank Plc trading as first direct.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 18 December 2023.

Caroline Davies
Ombudsman