

## **The complaint**

Mr and Mrs G complain about problems when they asked HSBC UK Bank Plc (trading as first direct) to make a payment to their mortgage account with another lender. Mr G has dealt with the complaint.

## **What happened**

Mr G called First Direct to make a payment to his mortgage account. Mr and Mrs G intended to repay their mortgage.

Mr G says First Direct refused to make the payment, saying its systems didn't recognise the account and if he sent the money he could lose it. First Direct said he should check the details with his mortgage lender. Mr G says he checked the details with his lender three times, on each occasion he was on hold for some 40 minutes.

Mr G says the matter was very stressful. He spent hours on the phone and missed work meetings. Mr G said they incurred additional interest on the mortgage. He says First Direct should be able to check payments, given this is its business, and the £50 compensation it offered is an insult. He said he discovered his mortgage lender's account is with First Direct.

Our investigator said First Direct didn't prevent Mr G making the payment. He said it followed its usual process for telephone payments. Mr and Mrs G's mortgage lender isn't part of the confirmation of payee scheme, so First Direct couldn't verify the payee. It read Mr G a warning and said Mr G could make the payment at his own risk. Our investigator said £50 was fair compensation for Mr G's frustration.

Mr G didn't agree, saying First Direct refused to make the payment.

## **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 provided recordings of its calls with Mr G on 28 February 2023 and 1 March 2023. I've listened to the recordings. I appreciate that Mr G might have had other calls with First Direct. But I'm confident that I can reach a fair decision based on the available evidence.

When Mr G called First Direct on 28 February 2022 because he couldn't transfer money using the app. First Direct said he'd reached the limit to transfer money via the app, but he could make the payment by phone.

First Direct asked the reason for the payment and how Mr G got the account details. Unfortunately, the call was cut off before Mr G provided the details for the payment.

Mr G called back and provided the details. First Direct said as this was a first-time payment, it needed to make some checks. It said it couldn't confirm the payee details, as it wasn't part of the confirmation of payee scheme. First Direct said Mr G could continue with the payment.

It said it would usually ask that Mr G call the intended recipient and check the details, but he'd already done this. Mr G said he'd call his lender and check.

Mr G could have made the payment during this call. It was Mr G's decision to call his lender again to check the details.

Mr G called First Direct again on 1 March 2023. The first person he spoke to couldn't find the payee account on First Direct's list of beneficiaries or match the sort code. The call handler said she didn't want to make the payment when the details didn't match. She transferred Mr G to the team that deals with payment transfers.

The payment transfers team said Mr G had missed that day's deadline for a CHAPS payment. It carried out a confirmation of payee check, and said the confirmation wasn't available as the recipient bank didn't offer this service. First Direct said this meant it couldn't confirm the payment. So it was for Mr G to consider what he'd done to check the payment and decide whether he wanted to go ahead. Mr G said that he did. However, he then asked whether the payment could be checked against his direct debit (unfortunately the details weren't the same). Mr G said First Direct's fraud team should be able to check the account before the payment was made. First Direct said it couldn't do this. Mr G asked to be transferred to make a complaint.

Mr G could have made the payment during this call. It was Mr G's decision to be transferred to the complaints team instead.

I appreciate that Mr G was worried by the warnings given by First Direct. But I think First Direct gave him correct information. I don't think it was wrong for First Direct to tell him that if there was an error with the payment details Mr G might not be able to get the payment back.

It seems Mr G decided to make the payments himself. He says he had to transfer money between accounts and this took some time. He incurred interest on the mortgage account in the meantime. Ultimately though it was Mr G's own decision to do this. He could have made the payment during the call on 28 February 2023 or the call on 1 March 2023.

First Direct offered £50 compensation, saying the first person Mr G spoke to on 1 March 2023 didn't follow the correct process to check the payment. I appreciate this was frustrating for Mr G. But given that Mr G was then transferred to the payments team, I think that £50 compensation is fair and reasonable for the frustration caused on the first part of that call.

The time spent on the call on 1 March 2023 meant that the deadline for a CHAPS payment that day was missed. I don't think it's fair and reasonable to require First Direct to pay compensation for additional interest on the mortgage account because of this. Mr G decided not to make the payment. I don't think I can fairly find he'd have made the payment if the call had been shorter.

Mr G says his mortgage lender's account is with First Direct. I don't know if that's right. Nonetheless, it's clear from the call recordings that First Direct couldn't confirm the payee using the confirmation of payee system. I think First Direct was right to tell Mr G this.

It's clear from what Mr G has said and from listening to the calls that Mr G found this matter stressful and frustrating. But – other than the first part of the call on 1 March 2023 – I don't think First Direct made an error. I think it was right to tell Mr G that it couldn't confirm the payee and give him the option to go ahead or check the details with his lender.

**My final decision**

My decision is that I don't uphold this complaint. That's because I think the compensation paid by HSBC UK Bank Plc (trading as first direct) is fair and reasonable in the circumstances.

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

Ruth Stevenson  
**Ombudsman**