

## **The complaint**

Miss C complains HSBC UK Bank Plc trading as first direct closed her accounts and made a number of mistakes after it had done so.

## **What happened**

Miss C had a current account, a credit card account, a savings account, ISAs and an offset mortgage with first direct. Most of her accounts were closed in 2022, by which time she'd been a customer for over 20 years.

In April 2020 Miss C sustained a serious head injury that she says had and continues to have a significant impact on her daily life. Miss C says:

- she has to limit the amount of time she uses screens; and
- she cannot tolerate, for example, being put on hold and made to listen to music,

as a result of her head injury.

Miss C also says she has real problems with her post – as does everyone who lives in the same block as her – which means she doesn't receive letters on a regular basis.

Miss C says the impact of her head injury, combined with the problems she has with her post, meant that she relied on first direct staff to give her accurate information about her account so that she could manage her finances properly from April 2020 onwards.

Between June 2020 and April 2022 Miss C made a large number of complaints to first direct. During that period, first direct issued over 10 final responses in response to multiple complaints – including three final responses relating to problems its migration from VISA to Mastercard caused. Some of those complaints relate to specific incidents – for example, inaccurate information Miss C says she was given about her mortgage payment history – others relate to recurring themes – for example, members of staff wanting to put Miss C on hold / wanting to transfer her to another department and / or failing to make reasonable adjustments. Two months ago, I issued a final decision in relation to these complaints – to the extent that we were able to consider them. In other words, I issued a final decision in relation to the complaints Miss C raised before first direct decided to close her accounts.

On 12 April 2022 first direct wrote to Miss C to say that it intended to close her accounts as it felt that their relationship had broken down. First direct gave Miss C two months' notice of its intention to do so – in other words, by 11 June 2022 unless she decided to close them earlier.

Miss C complained to first direct about its decision to close her account, saying that it knew that she would have difficulties opening a new account given her vulnerabilities. Miss C also complained to first direct about a number of problems she had after first direct had closed her account – including a new of problems with payments been received or sent. Miss C's accounts were closed on 6 June 2022, by which stage Miss C had opened an account

elsewhere. First direct accepted that there had been a number of problems after Miss C's account had been closed and offered compensation. Miss C was, however, unhappy with first direct's response and complained to us.

One of our investigators looked into Miss C's complaint that first direct had closed her accounts and made a number of mistakes after it had done so. They didn't think that first direct had acted unfairly when it took the decision to close Miss C's account. But they did think the compensation first direct had offered for the problems after her account had been closed hadn't taken Miss C's personal circumstances fully into account – and the impact the problems had on her – so they recommended an additional £200 in compensation. The same investigator recommended first direct pay an additional £300 in compensation for the distress and inconvenience she'd been caused as a result of the things that had gone wrong up to first direct's decision to close Miss C's account.

Miss C was unhappy and asked for her complaints to be referred to an ombudsman. So, her complaints were passed to me. As I've already mentioned, I issued a final decision two months ago in relation to the complaints Miss C raised before first direct decided to close her accounts. In that decision, I said that first direct should pay an additional £1,000 in compensation for the distress and inconvenience it had caused Miss C. Miss C accepted that decision and has received the compensation I awarded – although not without further problems.

Last month I issued a provisional decision in relation to this complaint in which I said that I didn't think first direct had acted unfairly when it gave Miss C two months' notice of its intention to close her accounts as I thought the relationship had broken down. So, given that first direct had accepted that it had made a number of mistakes after Miss C's accounts were closed, I considered the impact that these had. Having done so, I said that I thought first direct should pay Miss C an additional £400 in compensation on top of the compensation that first direct had already paid. Both parties were invited to respond to my provisional decision and both did.

First direct accepted my provisional decision and agreed to pay Miss C an additional £400 in compensation. Miss C didn't accept my provisional decision. She didn't agree that closing her accounts wasn't a cause for complaint and wasn't inconvenient. She also said that first direct had made multiple mistakes and rather than level with her it had closed her accounts – and that her complaint should be upheld on that principle alone. In short, Miss C said it can't be fair that a financial institution can terminate its relationship with a customer because that customer has complained about multiple errors the business has made.

## 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.

Before I say what I think about Miss C's response, I think it's helpful to set out what I said in my provisional decision. I said the following:

*"Miss C has, broadly speaking, complained about two different issues here, namely:*

- 1) first direct's decision to close her accounts – knowing the difficulties this would cause her; and*
- 2) problems she had after her accounts were closed.*

*First direct has already accepted that it made a number of mistakes after Miss C's accounts were closed – including mistakes relating to the sending and receiving of payments – and has agreed to the additional £200 in compensation our investigator recommended. That's in addition to compensation first direct paid to Miss C at the time, and help resolving the issues she'd complained about. So, I don't intend to say a lot more about the mistakes first direct accepts it made after Miss C's accounts were closed. Instead, I'll focus on the impact these mistakes had. Before doing so, however, I want to say something about first direct's decision to close Miss C's account.*

*I accept that Miss C had been with first direct for many years when it took the decision to close her accounts, and that she had several accounts with them including a current account, a credit card account, a savings account, ISAs and an offset mortgage. And I accept that Miss C was very upset by first direct's decision, and worried too about how easy it would be for her to open new accounts elsewhere. I don't think, however, that I can say first direct acted unfairly when it gave Miss C two months' notice of its intention to close her accounts as I do think the relationship had broken down. And I can see that first direct offered to give Miss C more time to open new accounts elsewhere – something she ultimately didn't need as she was able to open new accounts within the time given. So, I'm not going to say that first direct acted unfairly as far as its decision to close Miss C's accounts goes. That means it wouldn't be appropriate to make any award for that element of Miss C's complaint. The problems that occurred after the accounts were closed are – as I've already mentioned – a different matter. So, I'll turn to those briefly now.*

*First direct accepts that it made a number of mistakes after Miss C's accounts were closed. Some were "minor" and dealt with quickly. For example, I can see an agent sent a £35 payment to the wrong person during a call with Miss C. I can also see that the person who received the payment returned it the same day and that the £35 payment was sent to the right person. Others took longer to resolve, and clearly caused Miss C considerable embarrassment and inconvenience. In particular, a foreign payment she was meant to receive that went wrong and took considerable time to resolve. First direct took steps to resolve a number of these problems and also paid compensation.*

*I agree with our investigator that first direct didn't take the impact on Miss C fully into account when offering the compensation it did. But I also think an additional £200 – as recommended by our investigator – is a little light. I consider an additional £400 to be more appropriate – taking into account the amounts first direct has already paid and the impact on Miss C. So, that's the awarded I'm minded to make."*

Miss C didn't disagree with what I said about the mistakes first direct had made after her accounts were closed, and the impact these mistakes had on her. In other words, didn't disagree with what I said about the second issue she'd raised. Nor did first direct. On that basis, having considered everything again, I remain of the view that an additional £400 compensation for the impact those mistakes had on Miss C is fair and reasonable. The only issue I have to decide, therefore, is whether or not I agree with Miss C, in light of her additional comments, that first direct acted unfairly when it gave Miss C two months' notice of its intention to close her accounts as it thought the relationship had broken down.

I agree in principle with Miss C that it would be unfair of a financial institution that has made multiple mistakes to close a customer's account simply because the customer had complained about these mistakes. In effect the financial institution would be closing an account because a customer had complained. But I don't agree that this is what's happened here. In the decisions I've issued, I've said that first direct made mistakes, but I've also said that there were occasions on which it got things right. In addition, I've said that there were times when Miss C could have done more, and that it wouldn't be fair to say that first direct should take full responsibility for every time when things have gone wrong. In the circumstances, I remain of the view that the relationship between Miss C and first direct had broken down – and not just because Miss C had made multiple complaints – to the point where it wasn't unfair of first direct to give Miss C two months' notice of its intention to close her accounts. That means I also remain of the view that it wouldn't be fair to award compensation for the impact of this.

### **Putting things right**

Given everything I've just said, I remain of the view that an additional £400 compensation for the impact the mistakes first direct has admitted making had on Miss C is fair and reasonable. So, that's the award I'm going to make.

### **My final decision**

My final decision is that I'm upholding this complaint and requiring HSBC UK Bank Plc trading as first direct to pay Miss C an additional £400 in compensation in full and final settlement of this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss C to accept or reject my decision before 30 January 2024.

Nicolas Atkinson  
**Ombudsman**