

The complaint

Mrs H has complained that HSBC UK Bank Plc “First Direct” gave her wrong information about what would happen to money refunded back into her closed account. Mrs H also complained about the verification processes she had to go through when calling First Direct about this matter.

What happened

First Direct took the decision to end its banking relationship with Mrs H (which has been the subject of a separate complaint, so won't be addressed here). During the notice period, I understand that Mrs H used the account switching service.

I understand that Mrs H called First Direct to ask what would happen with any refunds that were paid into her First Direct account that was due to close. Mrs H was told that any money would be transferred by First Direct into her account with her new provider.

Mrs H didn't accept what First Direct told her as she says her new provider says that refunds won't be automatically transferred from her closed First Direct account. So, Mrs H submitted a complaint. I understand that part of Mrs H's dissatisfaction was also that each time she called First Direct, she had to go through a lengthy verification process.

First Direct issued two final response emails on 24 February 2024. In one email, First Direct apologised for the service that Mrs H had received, but explained it was necessary to go through its security procedures if Mrs H calls. First Direct explained that this is a slightly different procedure where an account will be, or has been, closed – as was the case for Mrs H.

In the other email, First Direct explained that any refunds paid into the closed account would be put into a First Direct suspense account. The refund would then be manually transferred by First Direct to Mrs H's new account with her current provider. First Direct explained that this could take up to 3 weeks to process. First Direct invited Mrs H to respond to the email with information about any refunds she was expecting to receive into the closed account, so that the transfer of the refund could be expedited.

Unhappy with First Direct's responses to her complaints, Mrs H referred her complaint to this service.

One of our investigators assessed the complaint and they didn't uphold the complaint. They said that it was fair that Mrs H had to comply with First Direct's verification processes when she called. They also said that First Direct had not provided Mrs H with any incorrect information about what will happen to refunds paid into the closed account.

Mrs H didn't accept the investigator's assessment, so the matter was referred 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 reviewed everything, I don't uphold this complaint.

Firstly, in terms of Mrs H's complaint that she was given wrong information by First Direct, I can't see that she was.

Mrs H says she was told by First Direct that any refund paid into her closed account would be automatically paid into her account with her new provider. First Direct have explained, and confirmed in its response to the complaint, that any refund paid into the closed account would be held in a suspense account and would then be transferred by First Direct to her new account.

I note that Mrs H says that First Direct gave her wrong information because it said the refunds would be paid 'automatically', but First Direct has since said it would be done manually. But what I think it meant by 'automatic' was that the refunds would be transferred to Mrs H's new account by First Direct, without Mrs H having to do anything. So I don't think Mrs H was given wrong information if she was told they would be 'automatically' transferred.

I appreciate that Mrs H says she was given different information by her new bank. Indeed, it seems this complaint was largely driven by what she says her new bank had told her. But I can't say too much about what they may've said to her, or indeed hold First Direct responsible for what a third party may've said. I can only consider what First Direct said, and I'm satisfied that what it said (numerous times) was correct.

I understand that Mrs H is unhappy that the process takes 3 weeks. However, First Direct said it could take *up to* 3 weeks. So, the 3-week timescale is the maximum amount of time allowed for such a transfer of a refund to take place. But it doesn't necessarily mean that it will take this long for each refund to be transferred into Mrs H's new account. Furthermore, First Direct did invite Mrs H to respond to the final response email with details of any refunds she was expecting, to expedite the transfer process. In my view this is reasonable given Mrs H's concern about the potential timescales involved.

I turn now to Mrs H's frustration about having to complete First Direct's security verification processes. I understand that as Mrs H no longer had access to First Direct online banking, this meant that she was unable to go through the usual verification process that she may've already been used to. The upshot of this was that First Direct had to ask Mrs H a few more verification questions before she'd passed its security checks.

First Direct does say that in one call, it did give Mrs H slightly misleading information about this. This was because the script the member of staff read from said that, going forwards, Mrs H would be verified using two letters from her telephone password via log on session via online banking. However, I don't think this error makes a material difference here. I say that because Mrs H already knew that she would not have access to online banking because of First Direct's decision to close her account. So, I think it would've been apparent to Mrs H at the time that option was not actually available to her, despite what the member of staff had said.

Nevertheless, I can see that First Direct explained in its final response to this aspect of the complaint that, due to Mrs H no longer having access to online banking, it would need to ask a few more questions (than if she did) to verify her, before proceeding with the call. Although this may've been frustrating for Mrs H, this seems reasonable given the need for First Direct to be satisfied it's speaking to the correct person first, before entering into a discussion with Mrs H.

So, taking everything into account, I'm unable to say that First Direct has acted unfairly or unreasonably in relation to what Mrs H was told - or the timescales involved - about transferring the proceeds of refunds to her new account. I also am unable to say that First Direct has been unfair or unreasonable by asking a few more questions to verify Mrs H when she has called about this matter.

My final decision

Because of the reasons given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss H to accept or reject my decision before 19 June 2024.

Thomas White
Ombudsman