

The complaint

Mrs T complains that Sainsbury's Bank Plc set up a direct debit without her authority.

What happened

Mrs T says Sainsbury's set up a direct debit on her credit card account without her authority. She says she asked it to remove the authority but there was a delay in doing so. She also says Sainsbury's said she shouted at a staff member and she says she didn't receive letters it says it sent her about a security code. Mrs T would like an appropriate level of compensation.

Sainsbury's accepts it made a mistake when it set up the account and has apologised. It also accepts there was a delay in dealing with the complaint and accepts Mrs T didn't shout at a staff member. Sainsbury's has offered Mrs T £100 compensation of which it says £50 was for the mistake in setting up the direct debit. It says Mrs T made a late payment in February 2021 and so the direct debit being in place stopped a late payment fee being charged.

Mrs T brought her complaint to us and our investigator upheld the complaint and recommended Sainsbury's pay a total of £150 compensation. The investigator didn't think the issue was resolved straight away and that Mrs T spent some time speaking to her bank about the direct debit thinking it was at fault.

Sainsbury's doesn't accept that view and says Mrs T could have cancelled the direct debit with her bank and it couldn't cancel it when there were security measures in place.

Mrs T doesn't accept that view and says the compensation offer recommended by the investigator isn't enough for what has taken place.

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 done so I have come to the overall view that Sainsbury's should pay the recommended compensation of £150 for the reasons I will explain.

There is no dispute here that Sainsbury's made a mistake when the account was set up by putting in place a direct debit which Mrs T didn't want. I have no doubt Mrs T was caused distress and inconvenience in finding out there was an unauthorised payment being made from her account. I can see that she initially thought her bank had made the mistake and so complained to it. I'm satisfied that Mrs T spent some time dealing with this issue in contacting both her bank and Sainsbury's and would have been concerned about how long this took to sort out. I have no doubt Mrs T was worried about what took place.

I can see that Sainsbury's has fairly apologised for what took place and that the problem has been resolved. But I don't think £50 compensation for this problem is appropriate. I have

explained what I think was the impact on Mrs T and that three unauthorised payments were taken from her account. I don't think Mrs T suffered any financial loss as a result of what took place as the direct debit payments reduced the amount she owed. I agree with the investigator that £100 compensation for this part of the complaint is fair and reasonable and in line with the type of awards we would make for this type of issue and for the impact the mistake caused.

I appreciate Sainsbury's says Mrs T made a late payment (by a day) in February 2021 and that by having the direct debit in place saved her a late payment fee. I also accept that the direct debit payments were relatively low and all under £10. I have considered both of those points in deciding on the compensation award.

I'm satisfied that the compensation offer of £50 by Sainsbury's for the delay is fair and reasonable.

I appreciate Sainsbury's says it couldn't cancel the direct debit until the account block had been removed. I don't think it entirely clear why that was when I think it clear it was Mrs T that must have been able to use online banking to send Sainsbury's the message to cancel the direct debit. I also don't think it clear why Mrs T would be able to access her account if a block had been placed on it. But in any event, I'm satisfied Sainsbury's has apologised for the delay and offered compensation for it.

I accept Mrs T will have unanswered questions about some of her complaint points such as why she didn't receive the letters Sainsbury's says it sent her. I can see from Sainsbury's records that there are letters addressed to Mrs T and I can't fairly hold it responsible for the safe delivery of mail. I also appreciate Mrs T says the compensation recommended by the investigator isn't enough. Our role is not to punish a business but to decide a fair and reasonable compensation award taking into account the factors I have mentioned.

Putting things right

Sainsbury's should pay a total of £150 compensation.

My final decision

My final decision is that I uphold this complaint and order Sainsbury's Bank Plc to pay Mrs T a total of £150 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs T to accept or reject my decision before 18 June 2022.

David Singh
Ombudsman