

The complaint

K complains the Bank of Ireland (UK) Plc (BoI) incorrectly processed a direct debit transaction.

What happened

K had set up, on the business account, a direct debit for ten payments payable at £219.53. While reconciling the account, K saw that in June 2021 £319.53 had been taken for the direct debit rather than £219.53. K spoke to the recipient who confirmed that they'd only received £219.53. K complained to BoI.

BoI said that the direct debit had been rejected and the transaction was made manually but had been incorrectly input as £319.53. They refunded K the £100 difference that had been incorrectly deducted from the account, and a further £100 for the inconvenience that had been caused.

K wasn't happy with BoI's response and queried why the difference in monies deducted but not paid to the recipient hadn't been picked up by the banks controls. K said they now doubted whether other direct debit's set up across several accounts with BoI had been correctly actioned. K asked to be compensated for the time spent checking all the accounts. And questioned the banks controls as to why the difference hadn't been picked up before K's own intervention. K referred the business' complaint to us.

Our investigator said banking processes and procedures were the domain of the Financial Conduct Authority (FCA). While she agreed with the actions taken by BoI to resolve the complaint she said K had been without funds - £100 from June 2021 until January 2022 and said BoI should pay a further 8% simple interest to compensate K for this.

BoI didn't agree they said K's complaint was about banking controls. They said they'd considered K not having the use of these funds and had included this when deciding to offer £100 for the trouble caused. The complaint has been escalated for an ombudsman to decide.

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'm upholding this complaint. I'll explain why.

I can understand K's frustration about BoI's banking controls in thinking they should have identified the £100 discrepancy. But this service was set up to consider individual

complaints, so it's not the role of the Financial Ombudsman Service to make findings about a business's wider practices or processes – that is something for the regulator, the Financial Conduct Authority (FCA) to do. So, I won't comment on this part of K's complaint.

It's not in dispute that Bol made an error and incorrectly debited K's account by £100. And to resolve this they've refunded the £100 and compensated K a further £100 for the inconvenience caused. Our investigator said that Bol should also pay 8% simple interest on the £100 debited from the account from June 2021 until January 2022 as K had been deprived of these funds during that time. Bol didn't agree with the addition of the simple interest as they said K hadn't complained about this and their resolution was fair and reasonable. So, my decision is to determine what the redress should be to put things right.

When upholding a complaint we'd usually look to put the complainant back to the position they would be in if things had happened as they should. So, I've considered whether there has been any financial loss, and in this case, there has been as K's account was debited by £319.53 when the direct debit transaction made was for £219.53, a financial loss of £100. I've also considered whether K has been "out of pocket" because of Bol's error. And I think this is also the case here. Bol's error meant that K didn't have use of or access to £100 from when it was deducted from his account in June 2021 until K brought it to Bol's attention in January 2022.

So to compensate K for being "deprived" of money – that is, not having it available to use – we can ask the business to pay interest on top of the financial loss award, for the period their customer was out of pocket. Our usual approach is to award 8% simple interest for the time the consumer was deprived of their funds.

We can also make an award for distress and inconvenience. K has complained about his business account. And we wouldn't consider that a business can suffer distress. But I can see K has been inconvenienced in having to contact the recipient and Bol to get the matter looked at. Bol has accepted this and offered to compensate K £100 for the inconvenience caused to him, which I think is fair and reasonable. I know Bol thinks the loss of use is covered in their offer for the inconvenience that was caused. But as outlined above the simple interest is applied to the money award, as there is a financial impact, and not to the inconvenience payment.

If K remains concerned about Bol's processes and would like to take this forward, then he can raise this complaint with the regulator.

My final decision

I uphold this complaint. And ask Bank of Ireland (UK) Plc to:

- refund the £100 discrepancy plus 8% simple interest from the date the direct debit was taken (June 2021) until the £100 discrepancy was refunded to K (January 2022)
- pay K £100 for the inconvenience caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask K to accept or reject my decision before 1 November 2022.

Anne Scarr
Ombudsman