

The complaint

Mr H's complaint is about his mortgage with Leeds Building Society. He is unhappy with its administration of the mortgage when he moved the day of the month the payment was to be collected, as it asked him to make an ad-hoc payment for the month of the change, but also collected the payment by direct debit. This meant he was overdrawn and had cashflow difficulties until the money was refunded several days later.

In settlement of the complaint Mr H would like Leeds to pay him a sum the equivalent to one month's mortgage payment.

What happened

On 6 July 2023 Mr H spoke to Leeds to move the monthly payment collection date to earlier in the month. At that time he paid on the 28th day of the month, but wanted to change it to the 2nd. Leeds agreed to the change and told him it would take effect from August 2023. As a result of this, Mr H was asked to make a manual payment for July 2023. However, due to an error on Leeds' part, it also collected the July payment through the direct debit mandate.

Mr H contacted Leeds the following day, which was a Saturday, to let it know what had happened. A refund for the payment was processed by Leeds on 31 July 2023, the first working day after Mr H alerted it to the problem.

Mr H has provided his bank statement for the relevant period. This confirms that Mr H transferred funds into his bank account on the same day as the direct debit was collected, which meant the account was approximately £40 overdrawn. The mortgage payment increased that the account being around £400 overdrawn. The refund from Leeds is shown as being credited to the account on 1 August 2023. Mr H's bank statement also confirms there was an arranged overdraft on the account of £1,850.

Mr H complained to Leeds about the situation. Leeds responded to the complaint on 4 August 2023. It set out what had happened and apologised for its error. It paid Mr H £75 compensation for the inconvenience it caused him.

Mr H was not satisfied with the response and referred the complaint to this Service. When doing so he said the compensation figure was not sufficient and said he felt Leeds had been disingenuous in the final response letter as the refund was not paid on 31 July 2023, but rather 1 August 2023. Mr H also explained '*The unauthorised payment pushed my bank account into an unarranged overdraft. To prevent other DDs failing I credit (sic) my bank account with money. This pushed my account into arranged overdraft.*' He also informed us that for the five days until the money was refunded by Leeds, he had no money and couldn't buy food. In addition, Mr H told us that he had tried to pay for something with his card over the weekend in question and was embarrassed when the payment was declined.

One of our Investigators considered the complaint. While she didn't consider the financial consequences of the error Mr H had detailed were supported by the evidence provided, she upheld the complaint in part. She recommended Leeds increase the compensation payment

to £200 in total to reflect the upset Mr H had clearly felt following the failure of the new arrangements he had put in place, and the time it took for the refund to be received.

Mr H didn't accept the Investigator's conclusions. He reiterated his comments about the refund not having been made when Leeds said it was and commented on what he thought this meant in relation to Leeds' integrity. He said that as Leeds '*stole*' his money, which is illegal, any redress should be like for like. As such, he said he should receive a sum equal to one month's mortgage payment as compensation. Mr H also referenced our case fee in support of the amount of compensation he wanted.

Our Investigator considered Mr H's further comments and explained why she didn't agree with his view about compensation. She didn't change her conclusions about the complaint outcome. Mr H remained unhappy and it was decided the complaint should be referred to an Ombudsman.

Leeds agreed to the increase in the compensation payment, but it didn't consider it should be increased to the amount Mr H wanted.

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.

There is no question that an error occurred in this case and so all I need to consider is what Leeds needs to do to put things right. The first of those actions has already been completed – a refund of the incorrectly claimed mortgage payment has been made. I note that Mr H has said Leeds is lying when it said it processed the refund on 31 July 2023 as the money wasn't credited to his account until the following day. I have seen evidence of the refund being processed on 31 July 2023, so it is not clear why it wasn't credited to his bank account until the following day, but I've not seen any evidence it was because Leeds did anything wrong.

I have detailed above what Mr H has said about the consequences of the additional payment being taken from his bank account. However, having examined the bank statements Mr H provided during our investigation into his complaint, and while the payment did move him further into his overdraft, that overdraft was authorised, not unauthorised. In addition, I note the transfer he made into his bank account on the relevant day was not for the amount of that mortgage payment, but rather appears to have been in line with the amount the account was already overdrawn by, which was a considerably larger sum. Mr H has also provided no evidence that he was unable to eat or that he had a card payment rejected. Overall, while I accept the payment claimed by Leeds would have been inconvenient, I am not persuaded that it had the consequences Mr H suggested it did.

I have noted Mr H's reasons for requesting a compensation sum equal to one month's mortgage payment. However, that is not how we assess compensation payments. We look at the actual impact of the error on the individual, including how long it took for the issue to be resolved. I know that Mr H is unhappy the department at Leeds that processes such refunds was not working over the weekend when he reported the issue, but that is how the industry works in general and it is not something I can criticise Leeds for. That said, it is clear that Mr H was very upset about the situation and extremely disappointed the error had happened. However, I am satisfied the £200 compensation our Investigator recommended is an appropriate sum in the circumstances.

My final decision

My final decision is that I uphold this complaint in part. In full and final settlement of the complaint I order Leeds Building Society to pay Mr H a further £125 compensation for the upset and inconvenience the issue caused him.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr H to accept or reject my decision before 22 April 2024.

Derry Baxter

Ombudsman