

The complaint

R, a limited company, complains that HSBC UK Bank Plc (“HSBC”) failed to prevent a British Gas direct debit payment of £44,134.78 being erroneously taken from its account which, R says, caused it financial loss and distress and inconvenience.

Mr A – sole director of R – brings the complaint on R’s behalf.

What happened

The background to this complaint is well known to both parties, so I won’t repeat everything here. In brief summary, in September 2023, Mr A noticed a British Gas direct debit payment for £44,134.78 taken from R’s account. He called HSBC to report this. Ultimately HSBC and R weren’t able to reach agreement about how things should be resolved, so R referred its complaint about HSBC to us. Our Investigator wasn’t able to resolve the matter informally, so the case has been passed to me for a 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 done so, I’ve decided to not uphold this complaint.

I’ve focused on what I think is the heart of the matter here. If there’s something I’ve not mentioned, it isn’t because I’ve ignored it. I haven’t. I’m satisfied I don’t need to comment on every individual point or argument to be able to reach what I think is the right outcome. Our rules allow me to do this. This reflects the informal nature of our service as a free alternative to the courts.

It’s common ground R had an agreed direct debit in place with British Gas, with many monthly payments having previously been taken without issue. A direct debit like this allows the organisation (here British Gas) to claim a varying amount of money, on a varying day, from R’s account. It’s also R’s instruction to its bank, HSBC, to allow the payments to be taken. In a technical sense, the money is ‘claimed’ by British Gas in an arrangement like this – it’s a ‘pull’ payment, rather than a ‘push’ payment.

What this means is that British Gas was responsible for collecting the direct debit correctly. So in a situation like this where I understand British Gas erroneously collected the wrong amount (which R has said British Gas has since accepted), this would in the first instance be the fault of British Gas, not HSBC. In any case, I’m pleased to see that when Mr A noticed the issue and called HSBC, HSBC was able to remedy the matter there and then that same day.

R has said it thinks a variable direct debit should be controlled to not allow such an obviously irregular and erroneous amount, such as £44,134.78 here, to be taken from its account; that HSBC should have flagged the attempted payment as fraudulent and called Mr A to speak about it; and that HSBC shouldn’t have allowed the payment to be taken in any event

because it put its account over £15,000 overdrawn. However, it's not our service's role to dictate or change the way a direct debit works like this. I can only address here R's specific case and complaint. And bearing in mind this payment was a direct debit which had been taken previously many times, I don't think there would be enough here to say HSBC's fraud prevention system should've been triggered. R had made previous payments of over £20,000 from its account. But in any case, this was a direct debit to British Gas taken previously without issue, so I don't think I could reasonably say this ought to have looked to HSBC like fraud. I note, also, that the HSBC account terms and conditions do allow HSBC the flexibility, in circumstances like this, to allow the payment to be taken even if it does take the account into an unarranged overdraft, so I don't think I can say HSBC ought not to have let the payment through for this reason either.

Our Investigator said that she thought HSBC should, however, have got in touch with R to let it know the position the direct debit left the account in given the account was overdrawn by over £15,000, which is a very large amount. However, to be fair to HSBC, I don't think this is likely to have made a difference. R noticed the direct debit and called HSBC which acted promptly to correct things that same day.

I understand R has requested compensation for consequential losses as a result of not having access to its money, and for distress and inconvenience. However, I've not found R's submissions or the evidence provided around this to be persuasive. And even if I had, for the reasons I've explained, I don't think I could reasonably say this was HSBC's fault.

My final decision

For the reasons explained, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask R to accept or reject my decision before 14 February 2024.

Neil Bridge
Ombudsman