

The complaint

Miss H complains that HSBC UK Bank Plc trading as first direct ("first direct") wouldn't accept two refunds which she tried to have processed through her debit card. Miss H believes first direct should've done more to investigate the problem.

What happened

Miss H provided her first direct card details to a retailer to obtain a refund but as it was unable to be processed Miss H provided an alternative card from another bank and the refund was successful.

Miss H reported this to first direct who checked whether there were any known issues with the payment processor or pending refunds which there was not. First direct explained that it would normally be notified if there were any generic issues which are reporting which might have explained the problem. And as this was an isolated incident first direct didn't investigate with the payment processor further about the issue.

Around three weeks later Miss H was again unable to process a refund on her first direct card and again contacted first direct, reported the problem, and raised a complaint. Again, first direct couldn't find any faults or errors on its behalf and there were no reported problems with the payment processor and so first direct didn't investigate the issue any further with it, but said if the issue persists it can replace the card. First direct thought that it was possibly an error on the retailer's behalf and said that Miss H was able to receive refunds into the account before and after the two reported incidents, so it didn't think there was a problem.

Not long after this a new card was ordered for Miss H so if there was a fault on the card which was causing the issue this would now be resolved.

Miss H was dissatisfied with this as she says the refunds she received that first direct referred to were automatic refunds where she'd purchased something online and so the situation was different.

One of our investigators looked into Miss H's concerns and agreed that first direct could have done more to assist Miss H but given the impact the issue had on her they didn't think first direct needed to take any further action or that any compensation was warranted.

Miss H disagreed and has asked 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.

It might help if I explain here my role is to look at the problems Miss H has experienced and see if first direct has done anything wrong or treated her unfairly. If it has, I would seek – if possible - to put Miss H back in the position she would've been in if the mistakes hadn't happened. And I may award compensation that I think is fair and reasonable.

Miss H is unhappy that in a matter of weeks two refunds were unable to be processed onto through her first direct card into her account. She doesn't think first direct have done enough to investigate the issue.

I agree that first direct could've done more to investigate the issue when Miss H reported the second incident, but first direct couldn't find any errors on its side and as the payment processor weren't reporting any issues that could've explained the problem – I think it is unlikely that investigating the issue further with the payment processor would've made a difference.

I also think it is noteworthy that Miss H was able to receive refunds when making purchases online which suggests to me the problem wasn't with the payment processors systems - but rather an error made by the retailer or an issue with Miss H's first direct debit card. And my understanding is that since raising her complaint Miss H was ordered a new card and hasn't made first direct aware she's had any further problems.

I appreciate that Miss H has been slightly inconvenienced by the issue, but things don't always go smoothly. And not every mistake warrants compensation. Here, were I to find first direct did do something wrong, I wouldn't make an award as Miss H was able to obtain refunds using alternative debit cards and I don't consider the detriment Miss H alleges sufficient to justify one.

So it follows that I don't think first direct needs to do anything more to settle Miss H's complaint.

My final decision

For the reasons I've explained I've decided HSBC UK Bank Plc does not need to do anything more to settle Miss H's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss H to accept or reject my decision before 5 March 2024.

Caroline Davies
Ombudsman