

The complaint

Ms J complains that HSBC UK Bank Plc made an unauthorised reversal of a direct debit payment on her account, and she complains about the service she received in trying to resolve HSBC's mistake.

What happened

Ms J called HSBC for advice and called back later the same day when she noticed a direct debit payment had been reversed on her account. She found it difficult to understand the call handler and couldn't get the issue escalated. She called the next day and HSBC said it would investigate. HSBC wrote to Ms J a few days later explaining what had happened and offering her compensation (see below).

Ms J said when she told HSBC it had made an unauthorised reversal of her direct debit it refused to do anything, to the point it felt abusive, threatening and very distressing. She said she experienced blocks in trying to sort the problem out and couldn't reach anyone to find out what was happening. Ms J said she frantically tried to ensure she had enough funds in another account so the payment could be made that way if necessary and had to call on the help of family and friends which was very embarrassing. Ms J complained to HSBC.

HSBC apologised to Ms J for its error in cancelling her direct debit for £23.95 to a payment service and reversing the payment to her account. It confirmed that there had been no fraud attempt on her account, and said cancellation was due to a member of staff not clearing her details correctly from the screen before talking to another customer who then didn't recognise the payment. HSBC said it had reinstated the direct debit and provided feedback to the member of staff. It offered Ms J £100 compensation for her experience.

Ms J said she felt belittled by the response of HSBC's call handler and HSBC's resolution felt like a bribe to shut her up with no effort to understand what had happened. Ms J rejected HSBC's explanation as a failure to address the enormity of what it stated had happened - a breach of the data protection regulations (GDPR) and the banking code of conduct. She said HSBC has ignored clear facts and its offer to improve the training of one member of staff is meaningless and ignores another member of staff who refused to act on her warning of unauthorised activity on her account. Ms J referred her complaint to our service.

Ms J said HSBC's investigation was appalling and her experience caused a decline in her physical health and enormous mental suffering at a time when she made HSBC aware of her serious health condition. She said HSBC had ignored many failures.

Our investigator recommended that the complaint be upheld. He said HSBC's response to Ms J's cancelled direct debit was reasonable and its offer of £100 compensation was fair. He said HSBC reinstated the direct debit quickly and subsequent payments were taken without issue. And HSBC arranged a "Repair of Reputation" letter for her to use if necessary.

The investigator listened to Ms J's calls and said she struggled to understand HSBC's staff and was upset by a confused explanation of what had happened and the lack of escalation. He said Ms J told HSBC of her serious health condition, so he expected understanding. He said she couldn't progress the issue via HSBC's messaging service, but this was logged the next day. He said Ms J wasn't happy with HSBC's response to her complaints, but HSBC

issued a final response letter promptly and in line with requirements. Overall, he didn't think HSBC had provided good service and recommended it pay further compensation of £100.

The investigator said he'd seen nothing to support Ms J's concerns about HSBC breaching GDPR and the Direct Debit Guarantee Scheme. He said HSBC gave incorrect information to another customer based on Ms J's transaction screen, but this didn't breach confidentiality in any way, as neither party realised the information related to Ms J.

HSBC agreed to this resolution of Ms J's complaint, but she did not. She said there were two direct debits on her account to the payment service, with one being a charitable donation when paying for goods, and she asked why only one was affected and when it was noticed.

Ms J questioned why her request for an investigation was initially blocked and said HSBC refused to put matters right on the day. Ms J also disagreed that GDPR wasn't breached. She said her account was discussed and tampered with and HSBC's system is not fit for purpose for allowing human error and security breaches. Ms J said the resolution of the direct debit wasn't straightforward as she had no idea whether she would be paying twice. She said HSBC has covered something up and refused to take responsibility for everything.

Ms J said that with the further information provided, she is truly appalled at the conduct of HSBC and said of our investigator, 'that you are colluding with them in this cover-up because there is a cover-up'. Ms J requested an ombudsman review her complaint.

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.

I have looked at the problem that occurred on Ms J's account and HSBC's response to the issue, to see if it has acted within the terms of the account and the regulations. And to see if in its attempt to resolve the issue HSBC has treated Ms J fairly and reasonably.

I'm pleased HSBC has acknowledged and apologised to Ms J for its error in cancelling her direct debit. However, Ms J doesn't think the problem has been resolved and so I have looked at HSBC's actions in respect of her complaint and going forward. HSBC investigated what had happened to Ms J's direct debit and explained that a colleague had caused its cancellation by leaving a screen open with Ms J's account details, and so on a call with the next customer, the direct debit wasn't recognised, and was reversed.

Ms J said that if HSBC is correct that only one direct debit was affected what about her associated direct debit to the payment service. Based on HSBC's investigation, I can see that after cancelling the unrecognised direct debit from Ms J's account its agent mentions Ms J's other direct debit for £1 and says this can be reversed if the customer wishes, but the customer then asks a question, and the conversation doesn't return to the £1 payment. For that reason her second direct debit in favour of the payment service was unaffected.

Ms J feared that her other direct debits might be cancelled. I'm pleased to see that they weren't and that she didn't suffer any financial detriment as a consequence of HSBC's error. Ms J is also concerned HSBC breached GDPR and the Direct Debit Guarantee scheme. Because HSBC didn't share Ms J's personal information or account details with the other caller, I'm satisfied there wasn't a breach of GDPR or the confidentiality of her personal details. The cancellation of the direct debit was due to human error but was soon corrected and I haven't found that HSBC acted in breach of the Direct Debit Guarantee scheme.

Ms J said that HSBC treated her experience as trivial when it nearly had serious consequences. Our service can only award compensation for what has actually happened, not what might have happened. However, I have considered the distress and inconvenience Ms J was caused as a consequence of HSBC's error.

Ms J endured a very distressing customer experience in discovering the cancelled direct debit and in trying to resolve this problem afterwards with HSBC, and I sympathise with her. She was very frustrated that her calls to HSBC on the day were unsuccessful in resolving the issue and I can see that she alerted HSBC to her health problems. From what I have seen, Ms J was left not knowing about her direct debit and the threat to her account for a short time and HSBC agreed to investigate the next day. From her description I can understand the distress this caused her, and I was sorry to learn about her medical situation, but any compensation we would award would reflect the limited time that this situation remained unresolved.

Ms J believes that HSBC has covered something up and has refused to take full responsibility for everything. I disagree. HSBC has explained how the error occurred and I find this persuasive. HSBC has taken full responsibility for its error by acknowledging it and has apologised to Ms J and offered compensation.

Unfortunately, as this was human error there are no guarantees this situation couldn't happen again and any 'guarantee' that Ms J's future banking will be error free would be unrealistic. However, this was a very uncommon error in my experience and so I'm hopeful there will be no reoccurrence with Ms J's banking. Should Ms J experience any reoccurrence, she can bring a further complaint to HSBC and subsequently to our service.

In its attempt to resolve Ms J's complaint HSBC reinstated the direct debit, provided the colleague with feedback, apologised for its error and offered Ms J £100 compensation and arranged for a "Repair of Reputation" letter to be sent so she could send it to the payment service. This letter explained HSBC was responsible for incorrectly cancelling her direct debit. Since its original response HSBC has agreed to pay Ms J £100 further compensation.

All-in-all I think HSBC's resolution puts Ms J as closely as possible back in the position she occupied before the error. I think HSBC has provided a fair and reasonable response to the short-term problem that it caused Ms J, and it wouldn't be fair to require HSBC to take any further action. I realise that Ms J will be disappointed with this outcome, but I hope she can understand the reasons I have reached it.

My final decision

For the reasons I have given it is my final decision that the complaint is upheld. I require HSBC UK Bank Plc to pay Ms J total compensation of £200 for the distress and inconvenience its error and poor service has caused her.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms J to accept or reject my decision before 19 March 2024.

Andrew Fraser
Ombudsman