

The complaint

Mr H complains about the service he received from HSBC UK Bank Plc trading as first direct ("FD") when it cancelled his direct debits (DD) and was logged out of FD's app during a mobile chat.

What happened

Mr H switched his bank account in 2021 over to FD from another provider. In March 2024 Mr H received a letter by webmail from another bank confirming that his direct debit mandate relating to his credit card with it had been cancelled. The last DD payment on this credit card had been made 37 months ago. Mr H raised this with FD through its mobile app chat which Mr H says he was logged out of mid-sentence without any warning.

Mr H says he reviewed his list of DD's with FD and discovered that DD's to three other credit cards were also not on the list and was concerned that this was due to the switch in banks.

Mr H complained to FD about all of this. FD didn't uphold Mr H's complaint as it didn't find any errors on its part. FD explained that a number of Mr H's DD's had become dormant due to dormancy rules which state that if a DD has not been used within a long time – usually 24 months - then FD would remove the details of it from the account.

FD further explained that as part of its security procedures within the Mobile App is to ensure the system is not connected to FD whilst unattended and that after five minutes a customer will be timed out from the service and that is what happened in Mr H's case.

Mr H was dissatisfied with this and so brought his complaint to this service. Mr H is unhappy FD didn't notify him that it was going to cancel his DD and wants to know why his DD's aren't showing up on his account but are still showing in place on the various business sites. Mr H wants to know if he will be advised and by who when a DD is no longer in place.

One of our investigators looked into Mr H's concerns but didn't agree FD had made an error as Mr H's DD's were cancelled in-line with its terms and conditions that say it will cancel a DD or standing order that hasn't been used for 24 months and there was no obligation on FD to notify Mr H of this. Furthermore, they didn't think FD had made an error when Mr H was logged out of the mobile app chat as this was done as part of FD's security procedures as Mr H had been inactive for five minutes.

Mr 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.

I hope that Mr H won't take it as a discourtesy that I've condensed his complaint in the way that I have. Ours is an informal dispute resolution service, and I've concentrated on what I consider to be the crux of the complaint. Our rules allow me to do that. And the crux of

Mr H's complaint is that FD cancelled his DD's without notifying him of this and has failed to give him a full explanation regarding the process of how DD's are cancelled and who is responsible for it. Mr H is also unhappy about the service he received from FD during a mobile app chat.

It might be helpful to explain here I don't have the power to tell FD how it needs to run its business and I can't make FD change its systems or policies – such as how or when it cancels DD's or the security features it has in place on its mobile app. These are commercial decisions and not something for me to get involved with. Nor can I explain why a business takes the actions it does or what policies a business needs to have in place or what regulations it needs to follow – that is the role of the regulator in this case the Financial Conduct Authority (FCA).

My role rather is to look at problems that Mr H has experienced and see if FD has done anything wrong or treated him unfairly. If it has, I'd seek to put Mr H back in the position he would've been in if the mistakes hadn't happened. And I may award compensation that I think is fair and reasonable.

FD have explained that section 12 of the terms and conditions of Mr H's account state:

"If you haven't used a Direct Debit or standing order that you've setup for 24 months, we'll cancel it."

FD say this is in-line with its dormancy rules and that it wouldn't notify customers of this as part of its processes. Mr H says he wasn't aware of the dormancy period and actions arising from this and that he shouldn't be expected to read all the terms and conditions as that would be unreasonable.

But the same can be said for expecting a business to explain or highlight such processes outside of its terms and conditions especially when it is something I think is unlikely to significantly impact its customers. And as I understand it the cancelling of DD's after a dormancy period is standard practice in the banking industry to protect customers from DD's being live on their account indefinitely. Indeed, in the letter Mr H received from his credit card provider it asks Mr H check his DD is still in place and hasn't been cancelled because he'd not used his card for a while.

I understand Mr H says there is potential for a DD for a credit card to be marked as dormant which could lead to a missed payment. But my role is to look at what happened and see if Mr H has suffered as a result of FD's actions and not at what could've happened or might happen in the future.

I appreciate this has caused Mr H some confusion especially as the DD's are still showing as still being in place with the originators - the businesses Mr H has set up DD with to pay for goods or services. But DD's can be cancelled at any time by either party and neither are under an obligation to inform the other party they've taken this action. Given how many different businesses take payment by DD and how often DD's are set up and indeed cancelled, I don't think this is unreasonable.

And nor do I think it is unreasonable for FD to have processes in place that means DD's are automatically cancelled if not used for a period of time - in this case 24 months – I think following this amount of time it's not unreasonable to assume that the DD is no longer of use. If Mr H wishes to know for sure what DD's are in place he is able to see this by logging into his account.

And I also don't think FD did anything wrong or treated Mr H unfairly when after five minutes

of inactivity he was logged out of FD's mobile app chat. As I'm sure Mr H understands it's a security risk leaving a customer connected to a mobile app chat when it appears the device being used for the chat is unattended.

I appreciate that Mr H believes FD should change its processes around this and introduce a log out timer or give a warning before logging you out, but as I've already explained it's not for this service to tell FD what systems it should have in place to run its business. And in any case I can see that FD's agent did let Mr H know that "I haven't heard from you in a while so I just wanted to let you know I'll close this chat soon." And if Mr H wanted to reconnect and continue the conversation, he had 24 hours to do so at a convenient time for him easily and quickly.

So I don't think FD has acted unreasonably or treated Mr H unfairly and so I can't say FD has done anything wrong and it follows that I don't uphold this complaint.

My final decision

For the reasons I've explained, I do not uphold Mr H's complaint against HSBC UK Bank Plc.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 19 November 2024.

Caroline Davies
Ombudsman