

The complaint

Miss W complains about how HSBC Bank UK Plc trading as first direct handled matters when she disputed two transactions on her account.

What happened

Miss W disputed two transactions on her account, one to a merchant I'll call A, for £69 and one to a merchant I'll call D, for £90.71. She said she hadn't authorised them and she wanted first direct to refund them.

first direct gave Miss W a temporary credit of £160, because she said the debits had left her with no money for bills. Then, when the dispute process was opened, first direct credited her account with the specific amounts of the disputed transactions and took back the £160.

Eventually Miss W received refunds from both companies directly. So first direct took back the temporary dispute refunds they'd made.

Miss W is unhappy that first direct debited the temporary refunds from her account. She says they've sent money back to the organisations that she says debited her account without permission in the first place and left her out of pocket.

An Investigator considered Miss W's complaint. He said, in summary, he didn't think first direct had made a mistake or treated Miss W unfairly. Miss W didn't agree, she felt the Investigator had misunderstood things. So the complaint's been passed to me to decide.

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.

Under the Payment Services Regulations 2017, first direct can only hold Miss W responsible for transactions she made or authorised.

Miss W first contacted first direct on 29 May 2024 to dispute the payments. But she was asked to call back when they had debited her account because at that point the payments were pending, which means they hadn't yet debited her account. Miss W was unhappy with this, but this was the correct information.

Miss W contacted first direct on 30 May 2024 as the payments had then debited her account. I've reviewed Miss W's statements. I can see that on the same day first direct credited her account with £160. first direct have said they did this to help Miss W because she said the disputed payments had left her with no money. It's not clear why first direct didn't raise the dispute straight away but I don't think this makes an overall difference to the outcome of Miss W's complaint. This is because she was still given a temporary refund – so her account was in the position it would have been in had the disputed payments not been taken.

When the disputes were raised on 5 June 2024, Miss W's account was credited with two amounts £69 and £90.71, the precise amounts of the disputed transactions. At the same time, the £160 was taken back from Miss W's account, since she now had refunds for the exact amounts of the disputed transactions. I've listened to the call Miss W had on 5 June 2024 about this. This was explained to Miss W. I agree with Miss W that it would've been simpler if the dispute had been raised and she'd been refunded the exact amounts straight away. But, on 5 June, her account was still in the same position it would have been if the disputed amounts had never debited her account.

During the call on 5 June, Miss W is concerned that the payments to A and D had debited her account twice. But her statements show only one debit to each merchant on 29 May 2024.

On 6 June 2024, A refunded £69 to Miss W directly. And on 10 June 2024, D refunded £91.04 directly to Miss W's account. So by the 10 June 2024, Miss W had had both amounts in her account twice. Once from first direct on 5 June 2024, and once from the merchants directly.

Following these refunds from the original merchants, on 19 June 2024 first direct debited £90.71 from Miss W's account because she'd received the refund from D and on 4 July 2024, they debited £69 from the account because Miss W had received the refund from A.

Miss W seems to think these amounts were refunded to A and D – but I've seen no evidence of that. If those amounts had been refunded to A and D, I would expect them to be labelled as such on Miss W's statements and they're not. They're labelled "dispute refund" and have the corresponding reference numbers that relate to the original refunds Miss W was given on 5 June 2024. So I'm satisfied these refunds were simply first direct reversing their temporary refunds given on 5 June 2024.

Miss W has made the point that the refunds from the merchants only happened because of her involvement, not first direct's. That may be, but this doesn't mean first direct wasn't entitled to reverse the temporary refund. And first direct's notes show the disputes were raised on 5 June 2024, so first direct did what I'd expect.

Miss W says she didn't authorise the payments to A and D, but I don't think this makes a difference to the outcome of her complaint as I'm satisfied Miss W has received a refund from the merchants directly. So, I don't think first direct need to refund the payments to A and D to her.

Miss W says she was forced to sell family jewellery during this period to cover the money she'd lost and she couldn't afford to go to work. I'm sorry to hear how stressful things were for Miss W. But I don't think first direct had left Miss W out of pocket, since she had received temporary refunds from them, which remained in her account until at least nine days after the refunds were received from the merchants.

Miss W also says she was unhappy with how matters were handled on the phone. I've listened to the calls she had with first direct. Having done so, I'm satisfied everyone Miss W spoke to gave her the correct information and tried to explain things in multiple ways when she said she didn't understand. But often, Miss W wasn't happy with what she was being told about the process that needed to be followed to dispute the payments and wanted to give feedback that first direct should change their process. She also spent time discussing other matters she was unhappy with to do with the operation of the first direct app, historical payments to an energy provider and a payment to a locksmith. So while I agree, Miss W spent a long time on the phone to first direct, I haven't found first direct handled the calls poorly.

I understand Miss W feels strongly she's out of pocket here. But, based on the evidence I've seen, I'm not persuaded that she is.

My final decision

For the reasons I've explained, I don't uphold Miss W's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss W to accept or reject my decision before 9 June 2025.

Eleanor Rippengale
Ombudsman