

The complaint

Mrs M complains Eastwood Financial Solutions Ltd (“EFS”) was responsible for a security breach by virtue of which fraudsters accessed personal data and attempted to withdraw funds from an ISA she held on a third-party platform.

Mrs M says neither EFS nor the ISA platform provider will take responsibility for causing the breach. She seeks compensation for the inconvenience and distress she suffered and for harm that might arise in future from the breach and loss of security to her personal data.

What happened

On 10 October 2023 Mrs M’s online ISA account was accessed by fraudsters. They linked a new bank account to the ISA and requested a payment of £9980 from the ISA to this new bank account which the fraudsters controlled.

As a result of the breach and fraudulent access to Mrs M’s account, the fraudsters obtained access to sensitive personal data of Mrs M and financial records relating to her.

The ISA platform sends emails to customers when certain account transactions take place. Mrs M was sent notification when the new bank account details were added. As she hadn’t requested the change of bank details, she contacted EFS when she received the email. EFS contacted the ISA platform provider that day. The withdrawal was stopped as a result, so no money left Mrs M’s ISA.

Our investigator thought the complaint should be upheld and proposed that EFS pay redress to Mrs M of £400 for distress and inconvenience arising from this matter. Our investigator also suggested EFS pay in advance for the cost of a data security service at £14.99 a month for five years.

EFS didn’t agree it was at fault, but it agreed to pay our proposed award in the interests of settling matters for all parties. Mrs M said the proposed award didn’t match the real and lasting effect the matter had had on her. EFS considers our proposed award was excessive. It still rejects our investigator’s conclusions, but it has agreed not to contest liability and asks instead that I consider its submissions on redress.

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.

EFS has said it will not contest the issue of liability. So I proceed on the basis that it is likely a vulnerability on EFS’s part at least contributed to the breach – and I focus here primarily on the breach’s impact on Mrs M and on what would be fair redress for EFS to pay for this.

Mrs M says no body has yet explained how the breach occurred. She says this is deeply worrying and this uncertainty leaves her feeling vulnerable. She says a fair decision can’t be issued without further reviewing this and that EFS’s expert review did not have all the facts

so couldn't have identified how the breach happened. But Mrs M has also said EFS's cyber report was done too late to find exactly how the breach occurred. This reinforces my view that it is right now to focus on redress rather than on trying to find how the breach took place.

That said, I'd mention that it doesn't appear to be a flaw in Mrs M's own security that led to the breach – as she wasn't the only one affected by it. She has pointed to information she says suggests EFS was the source of the breach. But Mrs M has left EFS and if there was an issue with its systems then this and any measures taken since by EFS to address this won't in any case have any direct impact on Mrs M in future.

I'd mention too my role is to decide individual complaints rather than to supervise firms and their systems in general. That general monitoring is performed by the regulator, the FCA. EFS says the steps it has taken in commissioning independent reviews went beyond what the FCA expected. I'm not privy to all EFS's communications with its regulator so I can't comment on that. My focus is to consider redress given EFS doesn't contest liability here.

Mrs M contacted EFS about the issue before EFS contacted her, and she thinks her contact with EFS saved her funds by prompting EFS to contact the ISA platform. EFS says it had been alerted to the issue earlier that day and had told Mrs M this when she contacted it. But ultimately nothing turns on this issue - because I don't believe the impact the unauthorised access to Mrs M's data had on her is affected by whether she or EFS was aware of the issue first. I mention in passing that, as Mrs M has noted, the unauthorised access to her data preceded the emails sent to her about it, so any response to those emails could only prevent the transfer of funds from her ISA - it couldn't prevent the unauthorised access to her data.

Mrs M says the preventable nature of the breach should have a bearing on my award. But if it was preventable, I'm not persuaded this bears on the degree of inconvenience or distress Mrs M suffered, which is my focus here.

EFS says the harm isn't irreversible and shouldn't have a lasting impact on Mrs M in the medium to long term. Harm in future can be mitigated by taking extra precautions, but such precautions are a form of continuing inconvenience. That said, data breaches do occur from time to time – for example, well-known high street stores have suffered cyberattacks in recent months which affected very large groups of individuals. It is increasingly common for individuals to find that some personal data has been accessed or made public through no fault of their own and due to matters outside their control. The need to take more security precautions seems likely to become more widespread in future and perhaps even routine.

But it is plain the immediate effect of the breach here was Mrs M had to take steps in the short term that she hadn't needed to take before. She says scam emails and phone calls she receives show that details accessed in the fraud remain in circulation. She says she will live for years with the uncertainty created by the concern her data might be misused again in future, which has had a significant and lasting emotional toll. In light of that, and given that the data accessed here was very extensive, including financial data, I think it is appropriate EFS pays for data security service costs Mrs M may incur if she takes up such services to help mitigate the risk of future misuse of her data. In light of all the factors I've mentioned above, I consider an award to cover the cost of such a service for five years is fair.

Mrs M says she lost out on substantial interest as a result of moving her funds from EFS – she calculates this to be in the region of £3000. I don't see that moving her money stopped her from earning interest on it or that EFS ought to be liable for what Mrs M chose to do with her money when she moved it. So I'm not persuaded an award for lost interest would be fair.

Mrs M also requests a refund of 2023 management fees due to what she says is a lack of basic care from EFS. But from what I've seen EFS didn't refuse to engage with Mrs M over

this matter. Its engagement may not have been as intensive or extensive as Mrs M's, but its level of engagement wasn't unreasonably low in my view. Moreover, the breach itself wasn't a failure to provide services in return for fees – it was a failing of a different kind for which I think the proper remedy is to redress inconvenience and distress that resulted.

EFS does not dispute this matter was distressing for Mrs M. It is plain she has also been caused inconvenience by it. Our awards for such harm are not intended to punish a firm – they are intended to reflect the degree of distress or inconvenience suffered. What I must judge is the impact – and this will be subjective and vary amongst different individuals in situations that might otherwise be similar. My award will reflect the impact Mrs M suffered and for which it is fair and reasonable to hold EFS responsible in all the circumstances.

Our website gives some examples of situations we have encountered in the past and awards we have made. But in the end each situation is unique. Deciding the fair scale of redress is not an exact science. EFS doesn't contest liability for the breach, so I proceed on the basis that it will be fair to award redress against EFS to reflect the breach's impact on Mrs M.

Mrs M has suggested redress figures in the region of several thousands of pounds. She feels her stress and the theft of her identity didn't seem to matter much to the regulators. She has described our investigator's proposed award as an insult that distresses and deeply hurts her and doesn't recognise and in fact makes a mockery of what she went through, belittling the harm done – for example the irreparable nature of the loss of privacy for her data, the stress, loss of time and health damage. I've thought about all this carefully.

In doing so I bear in mind compensation should cover the necessary and natural results of the breach being redressed, and those consequences the person receiving redress couldn't reasonably avoid. But it shouldn't extend to extraneous matters that can't be said to flow naturally or necessarily from the breach. Also it must be fair to hold the party paying redress responsible for the matters for which redress is paid. Not everything that follows a breach is something for which compensation is fair, even if it might not have happened otherwise.

Mrs M says the length of her relationship with EFS gave this matter a personal character and involved the loss of a relationship of trust. I accept that was so and I take that into account in my award. Mrs M says she spent time and effort trying to repair the situation – speaking to banks, taking advice and keeping watch for any further misuse. Again, I accept that is so and take that into account. Mrs M says the matter has been a long running. I note EFS acted on the day it became aware of the issue – and the theft of ISA funds was prevented, so that issue was dealt with straightaway. But I accept the consequences of the data breach are longer lasting in nature – hence my award for a contribution towards five years of a financial data monitoring service. Mrs M says a fair award would take account of the sensitivity of the data stolen. I have taken this into account by awarding costs of the data service.

Mrs M says she spent an extraordinary amount of time on this matter. It seems to me I can fairly take account of a reasonable amount of time being spent on this matter but not an extraordinary amount. Mrs M says the matter consumed her life for two years. In this respect I'm not persuaded that I could fairly find this to be a necessary or natural consequence of the breach here, even accounting for shortcomings in how EFS handled the aftermath.

Mrs M also says the fight for justice consumed her and had very damaging effects on her personal, social and community life. I won't detail her submissions here and I don't doubt what she says about these matters. But it seems to me what she describes of these matters can't for the most part fairly be said to be natural and necessary results of the breach.

Likewise even if business underperformance or failure suffered by Mrs M could be shown to result from a lack of time spent on the business, this is not to my mind something I consider

could be fairly said to have been caused by the data breach itself even if it could also be shown that Mrs M spent a corresponding amount of time pursuing this dispute.

Mrs M says stress and a lack of resolution affected her physical health, with the result that she developed and was diagnosed with a serious health condition, following severe sleep loss, persistent tension and emotional exhaustion. If our investigator had considered the breach to be significantly to blame for health issues Mrs M has reported occurred in the period that followed it, then I'm sure a larger award would've been proposed. Likewise, if I were persuaded injury or illnesses suffered by Mrs M after the breach were necessary or natural results of the unauthorised access to her ISA account and personal data, I would find our investigator's proposed award wasn't of the right order.

The health issues Mrs M refers to include new ones reported as recently as April 2025, 18 months after the incident. Having carefully considered what she has told us relating to this, I'm not persuaded the cause and responsibility for these issues can reasonably be said to be with the unauthorised access to Mrs M's ISA that resulted from the breach for which I'm awarding redress here. It follows that I don't think it would be fair or reasonable to hold EFS accountable for Mrs M suffering those health issues - so these haven't shaped my thinking when considering an appropriate award here.

Mrs M says UK GDPR Article 82 makes clear individuals can claim for both financial and non-financial harm such as distress, damage to reputation and inconvenience. She says these principles are relevant when deciding what is fair and reasonable – as this is exactly the sort of harm she has suffered. I would mention here that my rules do allow us to award redress for matter such as these, and I make an award here because of such factors – primarily distress and inconvenience.

Mrs M's distress is understandable. It is clear she was very engaged with the matter. That is also understandable given the ongoing nature of the risk and the inconvenience in question. The award I make for inconvenience and distress reflects that the impact was significant. I conclude that £400 is a fair and reasonable award for this in all the circumstances.

This is the sum our investigator suggested. Mrs M says she has observed a pattern whereby the ombudsman follows the investigator's outcome. She says she was impressed with the thorough work of our investigator, but she would've thought the seniority and experience of the ombudsman would add a different angle on the decision when challenged – she says it never does in her experience. She says the ombudsman's review is accordingly a stressful waste of time. I understand Mrs M will be disappointed then that my outcome here and my award is along the same lines as our investigator's. I of course understand that in seeking a review of my colleagues' findings, Mrs M was seeking a different outcome and higher award.

But my view is that our investigator's award was fair. I don't agree with EFS that it was grossly disproportionate. Nor do I agree with Mrs M that I ought instead to award several thousands of pounds. I accept of course there are a range of what might be reasonable answers here. In my view our investigator's answer falls within that range. I've thought carefully about whether I ought to or need to adjust this – up or down – so as to be fair in all the circumstances of this complaint. But taking everything into account, I've decided £400 is fair and reasonable in all the circumstances for distress and inconvenience here.

In closing here, I thank both parties for their prompt and responsive submissions. I'm grateful to Mrs M for her patience and how she has respected our time throughout in her interactions with us. This has been very helpful. She asked that my decision be issued before 27 August (or else be kept in abeyance until later in September). I'm able to satisfy that request here.

For the reasons I've given and to the extent I've explained, I uphold Mrs M's complaint.

Putting things right

I uphold Mrs M's complaint and order Eastwood Financial Solutions Ltd to put things right by doing as follows:

Eastwood Financial Solutions Ltd must:

- Pay Mrs M £400 for distress and inconvenience she suffered as a result of the breach.
- Pay Mrs M £899.40 (being the £14.99 per month subscription to a credit reference agency, upfront for five years).

My final decision

For the reasons I've given, and in light of all I've said above, I uphold Mrs M's complaint.

Eastwood Financial Solutions Ltd must put things right by doing what I've said above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 16 September 2025.

Richard Sheridan
Ombudsman