

The complaint

Mr H complains M & G Securities Limited ('M&G') set up a direct debit on his bank account after his account with M & G had been closed. He says this caused him distress and inconvenience.

What happened

Mr H had an investment account with M&G. He says he closed the account some years ago and shortly after that he cancelled an associated direct debit through his bank.

On 14 November 2024 Mr H's bank emailed him saying a new direct debit had been set up for M&G against his bank account.

Mr H says he was no longer a customer of M&G and no direct debit ought to have been set up. And he says this had happened twice before. So he telephoned M&G to complain. He wanted M&G to guarantee it wouldn't set up a direct debit on his account again. M&G said it couldn't have set up a direct debit because Mr H's account was closed and so Mr H's bank must have made an error.

Mr H says he telephoned his bank and it said the direct debit had been initiated by M&G and had included Mr H's M&G account number which the bank wouldn't have known. I've seen a letter from Mr H's bank which said a direct debit had been set up on 14 November 2024 using the Automated Direct Debit Instruction Service (AUDDIS) and the originator was M&G. Mr H provided a screenshot from his bank in support of this.

On 23 January 2024 M&G replied to Mr H's complaint. In summary it said it thought Mr H was unhappy about being told his direct debit had been cancelled when he didn't have one set up. Mr H told M&G it hadn't understood his complaint, and M&G sent a further response on 6 February 2025. In summary it said it hadn't set up any direct debits for him since closing his account. And it said the following:

- On 15 November 2024 M&G received a notification from BACS that Mr H's direct debit had been cancelled. The instruction was generated by Mr H's bank.
- Confusion had arisen when M&G processed the request and activated then deactivated his bank account. But that didn't mean it had set up a direct debit.
- M&G should've communicated more clearly that it received the instruction from his bank but didn't have an active direct debit mandate, instead of saying it had cancelled a direct debit (which it hadn't done).

Mr H referred his complaint to this service. In summary he made the following points:

- M&G hadn't understood his complaint. It focused on what had happened on and after 15 November 2024 when it was told Mr H's direct debit was cancelled. But Mr H was complaining about the direct debit having been set up on 14 November 2024, and M&G hadn't addressed that.

- M&G said it hadn't set up any new direct debits. It based that on the fact its customer account records didn't show new direct debits had been created. But it was possible they'd been created without being recorded in those records, even if its systems were intended not to allow that.
- The bank had evidence that direct debits had been set up by M&G. Either the bank was wrong or M&G was wrong. Mr H thought it most likely that M&G was wrong.
- He wanted M&G to confirm it had investigated thoroughly, explain why the problem occurred, apologise and pay a small amount for having caused distress and inconvenience.

One of our Investigators looked into Mr H's complaint. He didn't think M&G had done anything wrong. In summary he said it might have appeared to Mr H that a direct debit instruction was active on his account, and so he cancelled it. The cancellation then caused M&G to briefly reactivate Mr H's account to process the cancellation, but M&G hadn't at any point set up a new direct debit on his account. The investigator said it was the chain of events caused by the cancellation that cause Mr H's bank to send notifications.

Mr H didn't accept the investigator's view. He said his complaint was about a direct debit having been set up by M&G prior to the cancellation.

Because no agreement could be reached, the complaint was passed to me to review afresh and make a decision.

Before making a decision on this complaint I asked M&G to look into this issue again, on the basis that the issue originated on 14 November 2024 or earlier. I also asked M&G to check whether there'd been a data breach. In response, M&G was unable to find any evidence of a direct debit being set up on or before 14 November 2024. But it acknowledged having caused distress and inconvenience by being unclear in its dealings with Mr H and it thought £250 to Mr H would be appropriate in recognition of the distress and inconvenience it had caused him. M&G also said it found no evidence of a data breach.

I issued a provisional decision in which I said I couldn't conclude M&G had set up the direct debit in question, but I nevertheless intended to uphold the complaint because M&G's handling of the direct debit notification was lacking. I said I was minded to require M&G to pay Mr H £250 for the distress and inconvenience it caused him. M&G agreed. Mr H said he was in two minds. He felt £250 was reasonable for the distress and inconvenience he'd been caused by M&G but he was dissatisfied with the fact he still didn't know what had happened on or before 14 November 2024 to cause the notification that a direct debit had been created.

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.

Having done so, I can't say on balance that M&G did set up a direct debit, but nevertheless I'm upholding the complaint. I'll explain why.

The purpose of this decision is to set out my findings on what's fair and reasonable, and explain my reasons for reaching those findings, not to offer a point-by-point response to every submission made by the parties to the complaint. And so, while I've considered all the submissions by both parties, I've focussed here on the points I believe to be key to my decision on what's fair and reasonable in the circumstances.

Having reviewed all the available information, I understand Mr H's point that his complaint is about the appearance of a direct debit on his account on 14 November 2024. And I agree with him what happened on 15 November 2024 and later doesn't explain why or how that direct debit seemed to have appeared. I also understand Mr H is dissatisfied by not being able to find out why the direct debit notification occurred.

Despite understanding Mr H's concerns and why he was dissatisfied with previous responses I can't add anything further about what caused the error in the first place. There isn't the evidence available for me to do so. I accept on balance that M&G has no record of having acted to initiate the direct debit, or any record that the direct debit was initiated. Without such evidence I'm unlikely to be able to find on the balance of probabilities that a direct debit was created as a result of an error by M&G. I know Mr H would like further investigation into this, but I find that further enquiries would be unlikely to produce information that would be sufficiently conclusive to lead to a materially different outcome.

However, as I said in my provisional decision, I agree M&G ought to have communicated more helpfully with Mr H. The explanations it gave him about the appearance of the direct debit very much frustrated Mr H's attempts to resolve his concerns. That's because they focused on what had happened after the direct debit had been cancelled instead of addressing Mr H's concern about why the direct debit notification appeared in the first place.

I'm sorry I haven't been able to resolve things more fully to Mr H's satisfaction. But I hope he understands why I've reached the decision I've reached.

Putting things right

If it hasn't already done so M & G Securities Limited must pay Mr H £250 for the distress and inconvenience it caused in the circumstances of this complaint.

My final decision

For the reasons I've set out above, my final decision is that I uphold this complaint. M & G Securities Limited must pay the amount set out above. Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 23 December 2025.

Lucinda Puls
Ombudsman