

The complaint

Mrs M complains about the way that HSBC UK Bank plc has dealt with a credit that was made to her credit card account.

What happened

Mrs M used her HSBC credit card in February 2024 to make a payment of £772 to a retailer for some items. She returned those items and the retailer refunded £772 to her credit card account at the end of that month and it was received by HSBC on 1 March 2024. Mrs M contacted HSBC about her monthly direct debit and it reversed the direct debit of £772 that it was due to collect in March 2024. That led to interest being charged on her account.

Mrs M complained to HSBC and it said that a refund isn't classed as a payment to a credit card and is deducted from the balance on the next statement. It said that Mrs M had a nil balance when the refund was credited to her account but, when the direct debit was requested, there was a balance on the account and, had the balance still been zero, no direct debit would have been requested. It credited £11.52 to Mrs M's account to cover the estimated interest, it apologised for the service that she'd received from its live chat team and credited £75 to her bank account. It then said in May 2024 that the interest of £11.52 was an estimate of the interest on Mrs M's February 2024 statement but the interest was higher than that as the reversal of the direct debit was on her April 2024 statement, so it refunded the additional interest of £16.34 to Mrs M's account.

Mrs M wasn't satisfied with its response so she complained to this service. She provided a detailed explanation of what happened and says that she considers that HSBC has been dismissive of some of her questions, particularly about its credit card terms and conditions and whether it's equitable for it to treat a retailer refund not as a payment to her. She says that she'd like HSBC to review and amend its terms and conditions to more effectively manage refunds and reversal credits and to more accurately update a customer's direct debit.

Her complaint was looked at by one of this service's investigators who, having considered everything, didn't recommend that it should be upheld. Mrs M didn't accept the investigator's recommendation and has asked for her complaint to be considered by an ombudsman. She's provided a detailed response in which she makes points about: a retailer refund is apparently not a customer led transaction; despite the retailer's full refund HSBC was still intending to take an unnecessary credit card direct debit; the contradiction between HSBC's reporting of her zero credit card balance from 1 March 2024 and its scheduled direct debit payment of £772 on 22 March 2024; and the Consumer Duty implications and poor customer experience and service.

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.

This service offers an informal dispute resolution service and tries to resolve complaints by customers about financial businesses by looking at what is considered to be fair and reasonable in the circumstances. It has no regulatory or disciplinary role over those businesses, so I'm unable to require any of them to change the way that it conducts its business, and this service's role isn't to punish a business if it's done something wrong.

Mrs M has provided a detailed explanation of the events that led to her complaint but the main issue is that HSBC didn't reduce the amount of the direct debit that it was going to collect from her by the credit that was made to her account by a retailer. I've read all that Mrs M has said and considered all of the points that she's made but I'm only going to refer to the issues that I consider to be necessary for me to make a decision on her complaint.

Mrs M used her HSBC credit card to make a payment of £772 to a retailer for some items in February 2024. The February 2024 credit card statement for Mrs M's account shows that the account balance was £772 and the minimum payment was £19.30 and says: *"Your nominated bank account will be debited by £772 on 22 March"*.

Mrs M returned the items to the retailer and it credited £772 to her credit card account with the credit being received by HSBC on 1 March 2024. Mrs M says that she then owed nothing to HSBC on her credit card account, as evidenced by the zero balance from 1 March 2024 until she used the card again. But the account balance at the end of the February 2024 billing period was £772 and HSBC's calculation of the amount of the direct debit to be collected from Mrs M in March 2024 was made on the basis of the account activity in that billing period.

The terms and conditions of Mrs M's account say:

"If a seller refunds a purchase you've made, we'll only credit it to the account when we receive details from that seller. Until then we'll charge interest on the purchase at the rate that applies to your account".

The credit from the retailer wasn't received by HSBC until the March billing period and was recorded on the March 2024 credit card statement, and in accordance with the account terms and conditions, wasn't credited to her account until 1 March 2024. That didn't affect the account balance at the end of the February 2024 billing period and didn't affect the amount of the direct debit that was to be collected from Mrs M.

Mrs M used her credit card to make two other payments totalling £1,508.40 during the March 2024 billing cycle and HSBC says that when the direct debit of £772 was requested there was a balance on the account and, had the balance still been zero, no direct debit would have been requested. I'm not persuaded that HSBC was required to reduce the amount of the direct debit that it requested by the amount of the credit that it received from the retailer or that HSBC acted incorrectly in connection with the calculation of the amount of that direct debit.

Mrs M says that she contacted HSBC on 22 March 2024 when she noticed that a direct debit payment of £772 was being made and she clearly experienced some difficulties with HSBC's customer service. HSBC then agreed to reverse the direct debit and Mrs M's April 2024 credit card statement shows that a direct debit payment reversal of £772 was made on 22 March 2024. Mrs M says that she was told that she needed to make the minimum payment of £19.30 but she says that she was also told that she might be charged interest as she'd only made the minimum payment. £11.52 was credited to her account as an estimate of the interest charge as a gesture of goodwill and an additional £16.34 of interest was refunded to Mrs M's account in May 2024.

Mrs M said in her complaint form that she'd like HSBC to review and amend its terms and conditions to more effectively manage refunds and reversal credits and to more accurately update a customer's direct debit and she said in response to the investigator's recommendation that this isn't about compensation or redress for her but is about her being unnecessarily inconvenienced and about HSBC not treating refunds as being customer led and used to update scheduled direct debit payments to accurately reflect sums outstanding and owing. I've already said that I'm unable to require HSBC to change the way that it conducts its business so, even if I was to find that HSBC had acted incorrectly in connection with the calculation of the amount of that direct debit (and I make no such finding), I wouldn't be able to require HSBC to amend its terms and conditions or to deal with refunds from retailers in a different way.

HSBC has accepted that the service that Mrs M received from its live chat team on 22 March wasn't the service it wants any of its customers to receive. It apologised for that and said that it was important for it to learn from its mistakes and that feedback had been provided for the individuals concerned. It said that by way of apology and as agreed it had credited £75 to Mrs M's bank account. I consider the £75 credit to be fair and reasonable compensation for the distress and inconvenience that Mrs M was caused by those service issues and I'm not persuaded that a higher amount of compensation is justified in these circumstances.

Mrs M says that under the Consumer Duty firms must act to deliver good outcomes for retail customers and should aim to continuously address issues that risk causing consumer harm. She also says that she doesn't consider that HSBC has delivered a good outcome for her as a retail customer. The Consumer Duty requires financial businesses to act to deliver good outcomes for retail customers by acting in good faith, avoiding causing foreseeable harm and enabling and supporting retail customers to pursue their financial objectives. One of the requirements of the Consumer is that consumers should have the right information to make effective, timely and properly informed decisions.

I've carefully considered HSBC's obligations under the Consumer Duty and what Mrs M has said about the Consumer Duty. The account terms and conditions say that HSBC will only credit a refund to the account when it receives details from the seller and I consider that HSBC acted correctly and in accordance with the terms and conditions in dealing with the refund that was made to Mrs M's account. Mrs M contacted HSBC about her direct debit in March 2024 and it reversed the direct debit and refunded interest of £11.52 and £16.34 to her account. Mrs M clearly experienced some difficulties with HSBC's customer service and it apologised for that and paid her £75. I consider that to have been a good outcome for Mrs M and I'm not persuaded that the Consumer Duty requires HSBC to do anything more.

Mrs M clearly feels very strongly about her complaint, so I appreciate that my decision will be disappointing for her. I find that it wouldn't be fair or reasonable in these circumstances for me to require HSBC to take any further action in response to Mrs M's complaint.

My final decision

My decision is that I don't uphold Mrs M's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 7 October 2025.

Jarrold Hastings
Ombudsman