

The complaint

Mr L complains HSBC UK Bank Plc trading as first direct cancelled all of his direct debits without his knowledge or authority, about the time it took to sort this out and about first direct not explaining properly what went wrong. Mr L complains that this caused him significant distress and inconvenience.

What happened

Mr L has an account with first direct.

Mr L had several problems with first direct at the beginning of 2025 and left a one-star review on a well-known website. Shortly afterwards he says he started receiving notifications from companies saying that his direct debit had been cancelled or not gone through. He contacted first direct on 27 February 2025 to ask what was going on and discovered that all of his direct debits had been cancelled without his knowledge or authority. He said he believed that this was an attempt by first direct to get back at him for his one-star review.

First direct investigated Mr L's concerns and apologised saying it had cancelled his direct debits in error. Mr L complained.

First direct said that it would set up his direct debits again and write to the companies involved making it clear that it had cancelled his direct debits in error. In addition, it offered £200 in compensation and another £200 later on.

Mr L was unhappy with first direct's response not least because not all of his direct debits were set up again meaning he was still trying to resolve the issue more than eight weeks later. He complained to our service.

One of our investigators looked into Mr L's complaint and said that they considered the compensation first direct had offered was fair and reasonable. So, that's what they recommended first direct pay.

Mr L wasn't happy with our investigator's recommendation and asked for his complaint to be referred to an ombudsman for a decision. He said that he wanted compensation that reflected the distress, time lost and seriousness of the breach. In addition, he wanted a proper explanation from first direct as to what had happened and for first direct to take responsibility. His complaint was passed to me.

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.

Based on the evidence I've seen, I'm satisfied that all of Mr L's direct debits were cancelled on 26 February 2025 without his authorisation or knowledge. I'm also satisfied that Mr L called first direct the following day to say that he'd started receiving notifications from companies saying that his direct debit had been cancelled or not gone through. I can see that first direct started looking into this and quickly accepted that it had cancelled all of his direct debits in error. I can also see that first direct explained what steps it would take to put matters right, including setting up his direct debits again and writing to the companies affected to explain that it had cancelled his direct debit in error so as to avoid adverse information being recorded on his credit file or Mr L's reputation being otherwise damaged. I'm satisfied that not all of Mr L's direct debits were set up again straightaway and that not all of the companies were contacted. That meant that Mr L continued to be impacted.

I can understand why Mr L wants a more detailed explanation from first direct – to date all it's said is that his direct debits were cancelled as a result of "human error" and potentially as a result of someone who was meant to close another customer's account. The fact that he initially believed that the cancellations were an attempt by first direct to get back at him for the one-star review he'd left is no doubt a factor, as is the fact that he wants his compensation to reflect the seriousness of the breach. As our investigator has, however, already explained our awards for distress and inconvenience are based on the impact a business' mistake has and not the seriousness of the mistake. I've taken that, and our guidance on our approach to awards, into account when deciding whether the amount first direct has offered to date is fair and reasonable.

Our guidance says that:

"An award of over £300 and up to around £750 might be fair where the impact of a mistake has caused considerable distress, upset and worry – and/or significant inconvenience and disruption that needs a lot of extra effort to sort out. Typically, the impact lasts over many weeks or months, but it could also be fair to award in this range if a mistake has a serious short-term impact."

Based on everything that Mr L has told us, I'm satisfied that first direct's mistake caused him considerable distress, upset and worry and that this took a lot of extra effort to sort out and that the impact lasted over many weeks. In other words, that the £300 to £750 band is the appropriate band.

Putting things right

Had first direct not already made an offer, I would probably have awarded compensation in the middle of the band I've just mentioned. But first direct has offered compensation and, more importantly, I'm satisfied that the amount it has offered - £400 – is fair and reasonable. So, that's the award I'm going to make.

My final decision

HSBC UK Bank Plc trading as first direct has already made an offer to pay £400 to settle the complaint and I think this offer is fair in all the circumstances.

So my decision is that HSBC UK Bank Plc trading as first direct should pay £400.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 14 November 2025.

Nicolas Atkinson
Ombudsman