

The complaint

Mr K complains that Onmo Limited did not adequately compensate him for issues caused by its system error.

What happened

Mr K says Onmo sent him an email on 19 June 2025 to say it would be taking a direct debit of £356.07, but he'd already manually settled his balance of £162.91 on 21 May 2025. He says that when he queried this, Onmo said it would urgently refund the money as it could not prevent the direct debit at that stage. Mr K says he was told the refund would be processed by 25 June 2025 but called again on 1 July 2025 to be told he'd receive it by 3 July 2025. He says Onmo's response did not adequately address the impact on his finances and health, and that the ongoing situation remained unclear.

Mr K adds that the refund was delayed, promised call-backs and emails did not happen, interest errors continued and the impact on his credit file was not addressed. He says Onmo then failed to take the direct debit in August 2025, leaving a debit balance on his account. Mr K says the stress has led to anxiety and ill-health, including a heart attack, and Onmo's compensation offer is inadequate.

Onmo explains that a system error caused a direct debit to be claimed after Mr K had already cleared the statement balance. It apologised for the error and credited Mr K's account with £75. However, following Mr K's response, it increased this offer to £250 and removed all interest charges, but said that Mr K should not rely on his direct debit going forward.

Onmo subsequently offered £300 compensation following the referral to this service.

Investigator's outcome

Our investigator recommended the complaint should be upheld in part. Whilst she considered Onmo's offer of £300 compensation to be fair, she could not see that Onmo had removed all the interest charges from Mr K's account and found it should do so.

Mr K responded to say, in summary, that the compensation is inadequate due to:

- Multiple incorrect statements and direct debit notifications, broken promises, financial detriment and poor complaint handling over several months;
- The cumulative physical and mental health impact;
- Over eight hours trying to resolve the issues via calls and emails;
- A holiday and a family occasion being overshadowed by the stress;

- The humiliation of having to borrow money from a family member and being unable to repay him on the date promised.

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.

It is not in dispute that an Onmo system error caused the initial incorrect direct debit, so I need to consider what happened as a result and whether Onmo has done enough to compensate Mr K for its mistake.

When Mr K first contacted Onmo about the notification he'd received, he was told that the direct debit due on 23 June 2025 could not be cancelled by Onmo, but that he could contact his bank to prevent it being taken. Mr K didn't do this, but complained to Onmo and said he needed the funds refunded by 27 June as he had other commitments.

I understand Mr K was concerned about the effect on his credit file of cancelling the direct debit and, having experienced previous issues with Onmo's system, he had limited trust in what he was being told. I have seen no evidence that Mr K's credit file was affected.

Mr K received the refund on 1 July 2025 but, in the meantime, he said he'd needed to borrow the money from his brother and couldn't repay him on the day he'd promised. I can understand why Mr K said he felt humiliated by that, especially as he said he needed the money for a family wedding that weekend.

In addition, I can see that Mr K did not receive call-backs when promised, and that he had to send several emails before getting responses.

I can also see that there is an ongoing issue with interest being charged to Mr K's account.

However, in all the circumstances of Mr K's complaint, I am satisfied that total compensation of £300 is fair and reasonable and in line with this service's usual awards in this area. Mr K was deprived of the money for just over a week, and this service typically recommends awards of between £100 and £300 *"where there have been repeated small errors, or a larger single mistake, requiring a reasonable effort to sort out. These typically result in an impact that lasts a few days, or even weeks, and cause either some distress, inconvenience, disappointment or loss of expectation."* I accept that Mr K said that the worry ruined his £2,500 holiday of a lifetime, but I can't reasonably say that Onmo should compensate him for this.

I have seen evidence of Mr K's health issues, both physical and mental, and whilst I understand that Onmo's failings caused Mr K additional stress, I cannot conclude it was the sole contributory factor in his ongoing poor health.

Putting things right

In summary, I can see Onmo has already credited Mr K's account with £75, and I find it is reasonable that it should now credit him with a further £225, alongside removing any outstanding interest charges.

My final decision

My decision is that I uphold this complaint in part. Onmo Limited should refund all interest it has charged to Mr K's account, if it hasn't already done so, and pay him an additional £225 for the reasons outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 24 February 2026.

Amanda Williams
Ombudsman