

## **The complaint**

Mr and Mrs N complain about how Julian Hodge Bank Limited trading as Hodge Bank dealt with a request to change the date of their direct debit mandate and that they have been sent a letter by Hodge Bank intended for someone else.

## **What happened**

Mr and Mrs N have a mortgage with Hodge Bank.

In June 2025, Mrs N cancelled the direct debit mandate. She contacted Hodge Bank, made a manual payment for June and asked for the payment date to be amended. Hodge Bank sent a letter confirming the direct debit was in place for the new date. But the following month the payment was not collected by direct debit. As a result, Mr and Mrs N were contacted by Hodge Bank about arrears on the account.

Mr and Mrs N complain they've been given incorrect information by Hodge Bank about what they needed to do to change the direct debit date along with confusing and contradictory communication. They also said they were sent a letter intended for another customer.

Mr and Mrs N said the unnecessary contact had caused them a lot of distress and anxiety – and it was stressful not knowing if their information had been sent to another customer.

The investigator thought Hodge bank should pay Mr and Mrs N a total of £300 for any distress and inconvenience. He said Hodge Bank needed a new mandate from Mr and Mrs N to set up a new direct debit. He later clarified that he thought Hodge Bank had recorded information on their credit files fairly.

Mr and Mrs N did not accept what the investigator said. They responded to make a number of points, including:

- The direct debit mandate was still in place, and they gave consent for it to remain active with a date change. There is no need to complete a new mandate and that is confirmed on the direct debit website.
- Hodge Bank was required to comply with the direct debit guarantee scheme. And that required it to accept a paperless direct debit. By not doing so it was in breach of the scheme rules.

## **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.

There has been a lot of avoidable confusion here. But I consider the outcome proposed by the investigator is a fair way to put things right.

By the time Mrs N first spoke to Hodge Bank she'd already cancelled the direct debit. Hodge Bank sent a letter that said the date of the direct debit had been changed to the 15th of the month. That letter arrived after Mrs N had spoken to Hodge Bank. It was therefore reasonable for her to believe the direct debit was in place and she did not need to do anything.

The confusion continued and the July payment was not collected. Mr and Mrs N were contacted several times by Hodge Bank about the arrears. Hodge Bank has accepted there was a breakdown in communication between its departments. If Hodge Bank had taken more care in its contact with Mrs N and listened to her it could have avoided all of the confusion. But I am satisfied that it set out the correct position by late July.

Hodge Bank said the letter was sent in error. It said that as Mr and Mrs N had cancelled the direct debit mandate, it would need a new paper direct debit mandate. Mr and Mrs N consider there was no need for a new mandate and Hodge Bank was required to accept a paperless direct debit.

The direct debit scheme says, "*The organisation you're paying either asks you to physically sign a Direct Debit Instruction (a paper Direct Debit) or you give them permission to set one up over the phone or online (a paperless Direct Debit).*" That does not mean that Hodge Bank was required to offer both a paper and paperless direct debit – it could offer either.

Ultimately, after the initial confusion Hodge Bank has set out in a clear, fair and not misleading way that it needs a paper direct debit instruction to collect the payments by direct debit. That is a reasonable request that would cause Mr and Mrs N very little inconvenience. I am satisfied that Hodge Bank is unable to collect a direct debit because it has been cancelled. It was Mr and Mrs N's decision whether to complete a paper instruction or not. But I don't see how I could reasonably conclude that Hodge Bank was responsible for them not making the payments that were due. They had two choices – complete the paper direct debit mandate or make the payments manually each month.

In saying that, I accept that initially it would not have been fair for Hodge Bank to record adverse information where the payment was late because of issues related to the initial error. But I understand Mr and Mrs N maintained manual payments until October 2025 and no adverse information has been recorded on their credit file for that period. Hodge bank should make sure it has not recoded any late payments from June to October 2025.

The information I have supports that no payments were made since the October 2025 payment. Hodge Bank is obliged to record true and accurate information on Mr and Mrs N's credit file. It is reasonable for it to record that no payments have been made in those circumstances.

Hodge Bank also sent Mr and Mrs N a letter that contained another customer's personal data. Clearly Hodge Bank should have taken more care before sending the letter. But it does not follow that Mr and Mrs N's data has been disclosed to anyone else.

Hodge Bank has not treated Mr and Mrs N fairly. It gave them incorrect and contradictory information. That led to a mortgage payment not being collected and around a month of stress and inconvenience for Mr and Mrs N. But Hodge Bank got the correct position by late July at the latest. So, Mr and Mrs N could have limited any ongoing distress and inconvenience by completing the direct debit mandate. That is not to downplay the seriousness of the way this matter has been handled by Hodge Bank. But looking at the impact on Mr and Mrs N of this matter, including the letter sent to them in error, and taking into account our guidelines for this type of award, I consider £300 in total is a fair amount to reflect any distress and inconvenience.

**My final decision**

My final decision is that Julian Hodge Bank Limited trading as Hodge Bank should pay Mr and Mrs N £300.

Julian Hodge Bank Limited trading as Hodge Bank Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs N and Mr N to accept or reject my decision before 14 April 2026.

Ken Rose  
**Ombudsman**