

## **The complaint**

Mr and Mrs A complain that HSBC UK Bank Plc trading as First Direct takes too long to transfer funds from a standing order between two First Direct accounts.

## **What happened**

Mr A says that he has a bank account with First Direct for his salary and general spending, and another bank account for bills. He has a standing order from his salary bank account which transfers the required amount to pay the bills, but he has been receiving text messages informing him that his bills account is overdrawn. Mr A says that when he checks his account, he can see that First Direct have debited his salary account, but they had not credited his bills account, causing a delay, even though they could transfer money using faster payments instantly. Mr A made a complaint to First Direct.

First Direct did not uphold Mr A's complaint. They said their system updates through the morning and payments are released in batches. First Direct said that although they advise payments will debit and credit on the same day, they are unable to guarantee a time of arrival as all payments are subject to internal checks which may delay when credits are posted to their intended destination accounts. They said this is their policy and they wouldn't be looking to change the way this is processed at the moment. Mr and Mrs A brought their complaint to our service.

Our investigator did not uphold Mr and Mrs A's complaint. He said direct debits are picked up in the bank's system the day before they are claimed, which is industry standard. He said standing orders are processed on an internal system that is released in batches, so First Direct's procedure to debit the standing order is consistent with banking industry standards. He said the text message Mr A receives from First Direct might be frustrating, but he's seen no errors with the message as the alert advises him that money should be credited to the account by the end of the day. Our investigator said that statements confirm the account was brought up to date the same day with no fees or overdraft balance recorded.

Mr and Mrs A asked for an ombudsman to review their complaint. They made a number of points. In summary, they said First Direct initially responded instantly that a complaint wouldn't result in a change, which they felt this was prejudging their complaints process without looking into the matter appropriately. They asked if the process was the same for accounts held by the same bank when compared with accounts from First Direct to another bank for processing a standing order.

## **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.

Mr and Mrs A have made a number of points to this service, and I've considered and read everything they've said and sent us. But, in line with this service's role as a quick and informal body I'll be focusing on the crux of their complaint in deciding what's fair and reasonable here.

I'd like to explain to Mr and Mrs A that it is not within this service's remit to tell a business how they should run their payment procedures, such as how they should process different batches of different payment types. It would be the role of the regulator – the Financial Conduct Authority, who have the power to instruct First Direct to make changes to their policies and procedures, if necessary.

I've noted the strength of feeling that Mr A has about the delay between his direct debits debiting the account, and the standing order crediting his account, resulting in the text message that First Direct sends him.

But as these are two different payment types, they are not processed the same. Based on the Bankers' Automated Clearing System (BACS) cycle for direct debits, this is a three day process. The direct debit company would submit a payment for BACS for a processing cycle on day one. On day two, these files are delivered to the recipient bank, which they then process each payment and day three is where payments are simultaneously debited from the account and credited to the third party account.

But the standing order is processed differently. Mr and Mrs A have asked if this was going to a third party bank as opposed to another First Direct account would the process be the same. And First Direct have confirmed that it would be the same. So as different payment types are processed in different batches, this is why they can be debited (and therefore not credited) at a different time to other payment types. So I'm not persuaded that First Direct have made an error here.

A standing order would not always credit an account instantly once it is debited from an account. And a standing order is not the same as a faster payment which Mr and Mrs A could use to pay money to different accounts (as a standing order is a regular payment as opposed to a faster payment typically being a one off payment). But even a faster payment is not always completed instantly as sometimes it can take up to two hours to process (or longer in certain instances, such as when they are subject to bank checks).

The text message First Direct sent would be technically correct at the time it is sent. This is an alert to make Mr A aware of the situation. But as the standing order from one account to another account is paid, this results in no overdraft fees/interest being charged as the funds credited the account prior to the time given on the text message.

There are a couple of things that Mr A could do if he wishes to avoid this situation moving forward. One of these is to turn off the alerts for the text message, which would stop the frustration when the direct debits debit the account prior to the standing order crediting his other account. Or he could move the direct debit dates to a later date (for example the next day), so they wouldn't debit the account prior to the standing order crediting the account.

I've considered what Mr A has said about how First Direct has handled his complaint. While complaint handling by a business isn't a regulated activity and as such, the issues he's raised that relate directly to how First Direct have investigated his complaint, such as the level of investigation they conducted, does not come under my power to consider, I would still expect First Direct to follow the Dispute Resolution Rules (DISP) set out in the Financial Conduct Authority (FCA) Handbook.

I've noted the strength of feeling from Mr A that the call handler he spoke to was pre-judging the complaint. I requested the calls from First Direct where the call handler spoke to Mr A. The first call handler explains to Mr A how the standing orders work and that is their process. I'm satisfied that the call handler was factual here, and she wasn't incorrect in saying that there was nothing she could do to make the standing order payment credit his account

quicker. She offered to transfer Mr A to a complaints handler as she couldn't deal with complaints, but she explains they don't open until 8 o'clock. Mr A told her that as he was expressing dissatisfaction this should be a complaint. She agrees to leave notes on the system and Mr A would ring back in 17 minutes when they opened.

Mr A then rings back to raise the complaint. The call handler summarises his complaint and passes him to their customer relations team. The complaint handler explains why this happens. She then tells Mr A that it won't change, and they can't change the system that is in place. She raises the complaint for Mr A, but she tells Mr A that it will be the same response that they won't be able to change it. She said she will raise it through the team who deal with the standing orders and direct debits.

While I can understand why Mr A feels the complaint handler pre-judged his complaint as she told him their process wouldn't change, I'm not persuaded that the call handler treated Mr A unfairly or acted outside of DISP rules. I say this because I'm persuaded that she was trying to be open with Mr A and not giving him false expectations. There would be little value in pretending that the system would change. First direct have confirmed that root cause analysis is completed on policy complaints as the same way as non-policy complaints. Ultimately First Direct did not change their procedures based on Mr A's complaint, and they don't have to. Therefore, what the call handler told Mr A on the call was correct about the payments, and their system not changing.

The final response letter to Mr A sets out that the complaint handler did investigate this further (which is in line with what the complaint handler said on the phone to Mr A). So I can't conclude the complaint was assessed unfairly as the information given to Mr A was correct, even if he was told the same information prior to his complaint and after his complaint. So it follows I don't require First Direct to do anything further.

### **My final decision**

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs A to accept or reject my decision before 3 April 2024.

Gregory Sloanes  
**Ombudsman**