

## The complaint

Mr A complains about the way HSBC UK Bank Plc trading as first direct\* responded to his claim for reimbursement of money paid from his account by direct debit.

*\*To keep things simpler, I'll mostly refer to the business as 'first direct'.*

## What happened

Over a period of a few months in 2018, a number of direct debit payments were paid from Mr A's account to a business I'll call 'C'.

In 2024, Mr A contacted first direct by phone saying the payments were taken '*in error*' and he wanted first direct to refund the money paid from his account by direct debit to C. The call-handler he spoke to asked Mr A for some further details of the payments. Mr A objected saying that he couldn't go into details but that he was entitled to an immediate refund under the direct debit guarantee. When the call handler said he would need a bit more information to be able to process a claim, Mr A complained that he was being treated in a way that was 'dismissive' and 'cavalier'.

First direct didn't uphold his complaint. In brief summary, it mainly said:

- the call handler had been polite and professional and followed correct procedure
- the Direct Debit Indemnity Scheme ('DDI') allows the bank to refund customers to counteract payment errors made by the originator
- first direct had to provide a specific reason to the originator explaining why the payment was collected in error
- Mr A had declined to provide a reason to explain why he was raising an indemnity claim so first direct was unable to set up a claim via the Direct Debit indemnity scheme.

Unhappy with this response, Mr A brought his complaint to this service and one of our investigators looked into what happened. Our investigator didn't uphold the complaint. His view was that first direct had handled Mr A's calls correctly and professionally and made no error. He said he understood why Mr A believed he was automatically entitled under the terms of the DDI to an immediate refund. But where several years had elapsed, as here, he would expect a bank to check the reason for the claim. The investigator said this reflected the approach this service took towards historic DDI claims and we would expect first direct to check the purpose of the claim in these circumstances.

Mr A strongly disagreed with the investigator's view and reiterated his main point that the wording of the DDI was unconditional and unambiguous.

The complaint has come to me to make a final decision.

## 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.

After reviewing everything the parties have said and listened to the call recordings of Mr A's discussions with call handlers at first direct, I agree with the investigator that this isn't a complaint we can uphold. I'll explain my reasons.

My role is to consider the evidence presented by both parties and reach an independent, fair and reasonable decision based on the facts of the case. I will take into account the relevant law, regulatory requirements and best industry practice when deciding if first direct did anything wrong or acted unfairly or unreasonably.

### *Mr A's complaint that the call handler was dismissive and cavalier*

Mr A hasn't mentioned any particular words or phrases that caused him offence. I've listened carefully to the call recording. I can't identify any examples of first direct treating Mr A in any way that lacked courtesy or respect or, in my view, that could reasonably be described as 'dismissive' or 'cavalier'.

I've also seen information that first direct has shared with this service that shows the call handler correctly followed first direct's standard process for handling this sort of DDI request. So I don't find that the call handler did anything wrong, or treated Mr A unfairly or unreasonably in the circumstances. .

Whilst I don't doubt Mr A's strength of feeling about the call, I haven't seen or heard enough to be able to uphold this aspect of his complaint.

### *Mr A's complaint about first direct not refunding his money under the DDI scheme*

The DDI scheme enables account holders to get direct debits refunded immediately in certain circumstances – to protect customers who have allowed money to be collected from their accounts if errors are made.

Payment errors usually come to light relatively quickly. Where that's the case, in most circumstances, I would expect the bank to refund immediately given what the wording of the scheme says.

But where several years have elapsed, as here, it's reasonable to expect that first direct would need to ask questions to satisfy itself that the claim was one it should action.

Mr A seeks to rely on the wording of the DDI which says:

*If an error is made in the payment of your Direct Debit, by the organisation or your bank or building society, you are entitled to a full and immediate refund of the amount paid from your bank or building society.*

I've taken carefully into account the way Mr A interprets the direct debit guarantee and I can see why he believes the guarantee is absolute. But just telling first direct that payments were taken '*in error*' doesn't give first direct any information about what the error (or errors) may have been. Nor does it give first direct any detail on whether it's the type of error that would

be covered by the scheme, as opposed to a contractual dispute with the billing organisation which the scheme isn't intended to cover.

When I consider that Mr A has then raised this claim several years after these payments were made, I think it's fair and reasonable for the call handler to have asked Mr A politely (as I consider he did) for further information about the claim he wanted to make.

I appreciate that Mr A has said he only recently became aware of his entitlement under the DDI. That could explain why it's taken more than five years for him to claim under the DDI guarantee, but it's not enough to change the outcome of his complaint. Had a payment error been made – such as C taking a payment Mr A hadn't authorised or taking an incorrect amount for example, then arguably, it's reasonable to expect that Mr A would have flagged this up at the time – or at least much sooner.

I don't think that not knowing about the DDI scheme until more recently is likely to have been an obstacle to him contacting first direct about payments he feels were wrongly taken.

All this supports my view that first direct was acting fairly and reasonably in seeking the information it asked Mr A to provide. It leads me to conclude that first direct was not obliged to refund immediately and without question, as Mr A contends.

After having taken into account everything that Mr A and first direct have told me, I haven't seen enough to show that first direct did anything wrong or that it treated Mr A in a way that wasn't fair and reasonable.

So I can't uphold this complaint.

**My final decision**

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 10 June 2024.

Susan Webb  
**Ombudsman**