

The complaint

Ms S complains that HSBC UK Bank Plc (trading as First Direct) reversed her direct debit payment when she had sufficient money in her account.

What happened

Ms S says that she received messages from her bank on 21 November 2022, about payments from her account. She checked her account balance, and she was £248.61 overdrawn (her overdraft limit is £250). As she was only expecting one payment to be made that day - which was to her credit card for £90 - she deposited £100 into her account. Ms S says the £90 payment was made but on 23 November it was reversed. Ms S contacted the bank and said she was told a future charge had appeared on her account reducing her available balance, but she said this payment wasn't made that day. Ms S didn't think it fair that her payment was reversed and that this affected her credit file noting that she had previously been able to make payments that took her slightly over her overdraft limit.

HSBC issued a final response dated 24 November 2022. It noted that Ms S had credited her account with £100 to cover the payment she was expecting but as a further payment was also authorised it meant she no longer had sufficient funds. It said the return of the payment was actioned on 21 November and reflected on her credit card the following day. Based on this it didn't accept that it had made a mistake.

Ms S referred her complaint to this service.

Our investigator didn't uphold this complaint. He said that Ms S had insufficient funds to make the payment to her credit card on 21 November 2022.

Ms S didn't accept our investigator's view. She said that she received a text from her bank saying she would be updated later if needed and that it should have contacted her if it was going to reverse a payment. She said that she had the money in her account to make the payment to her credit card as the other payment that was noted didn't go out until the following day. Ms S also said the bank's approach was inconsistent as sometimes it would allow her to go over her overdraft limit but, on this occasion, it reversed her payment.

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.

I can understand why Ms S is upset that her credit card payment was reversed, and I appreciate that she had transferred money into her account to cover the payment she was expecting to make. But for me to uphold this complaint I would need to be satisfied that HSBC had made a mistake by reversing the payment or that it had treated Ms S unfairly.

I have looked through the timeline of events on 21 November. Ms S has an overdraft facility of £250 and at the start of the day her account was at £248.61 overdrawn meaning she had £1.39 available. She was sent a text alert advising that her payments were being reviewed

and she may go into unarranged overdraft and that she would be updated later in the day. Ms S then credited her account with £100. Ms S was sent a further text alert saying that sufficient funds needed to be in her account by 15.30 or payments may not be made. I appreciate that Ms S thought she had put sufficient money into her account to cover the payments she was expecting but at 15.16 HSBC has said that a payment was authorised which reduced Ms S' funds to £86.40 (less than the £90 payment she was making to her credit card).

Ms S said that she should have been contacted before the bank decided to reverse her payment and noted the first text alert she received on 21 November said it would contact her later that day. I understand the point she has made but I can see that Ms S was sent a further message that day saying that sufficient funds needed to be in her account by 15.30. Ms S was sent alerts to prompt her to check her account and any payments falling due and it was her responsibility to ensure that there was enough money in her account to cover these by 15.30.

While I note Ms S's comment that the other payment didn't leave her account until the following day, as it was authorised on 21 November, it reduced her balance which meant she didn't have enough money to cover the £90 payment to her credit card. HSBC has explained that the payment was set up as a continuous authority on Ms S's debit card and not a direct debit and so it wouldn't show until requested. So, while I understand that Ms S thought she had provided enough money to cover her payments due on 21 November, this wasn't the case and while I understand that the payment was authorised shortly before the 15.30 cut off, it was still Ms S's responsibility to ensure she had the money available in her account to cover her payments. In this case as she didn't have sufficient money available when the £90 payment to her credit card was being taken, I cannot say that HSBC was wrong to reverse this payment.

Ms S has said that the bank has an inconsistent approach in regard to allowing payments that take her over her overdraft limit. I accept that in certain circumstances a payment will be allowed which means a customer goes into an unarranged overdraft. But this isn't something that the bank is required to do, and Ms S was required to make sure she had the money available to make her payments.

In conclusion, while I understand the upset Ms S has been caused, I do not find in this case I can say that the bank did anything wrong or treated Ms S unfairly. Therefore, I do not 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 Ms S to accept or reject my decision before 13 December 2023.

Jane Archer
Ombudsman