

The complaint

Miss G complains that Brent Shrine Credit Union Limited trading as My Community Bank (MCB) sent her a text message advising her that her account was in arrears when it wasn't.

What happened

On 4 January 2024 Miss G's direct debit to MCB failed. On 5 January 2024 MCB sent Miss G an email advising her that they would reattempt payment on 12 January 2024.

On 12 January 2024 the direct debit was collected successfully. However, on the same date MCB sent Miss G a text advising her that her account was in arrears.

Miss G called MCB and made a payment. This caused her to go into overdraft on her current account. MCB subsequently advised Miss G that she had overpaid.

On 17 January 2024 Miss G called MCB and requested a refund of the overpayment. She said the payment had caused her financial difficulties. The call handler advised Miss G that the refund would take 3 – 5 working days. As this meant that Miss G would not receive the refund until her payday, she declined this.

Miss G complained to MCB. She said the overpayment had left her short of money and she was worried about the impact of the arrears on her credit file.

MCB upheld the complaint. It acknowledged that its communications had been confusing and offered Miss G compensation of £25 for the distress and inconvenience caused. MCB said that because the payment had been made in the same month as it was due, there had been no adverse report to Miss G's credit file.

Miss G remained unhappy and brought her complaint to this service.

Our investigator upheld the complaint. He said that MCB had made an error and that the compensation offered didn't reflect the amount of distress and inconvenience caused. The investigator said that MCB should pay compensation of £100.

MCB accepted the investigator's view. But Miss G didn't. She said the compensation didn't reflect the upset she'd been caused.

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've reviewed the account records. I can see that Miss G's direct debit payment was returned unpaid on 2 January 2024. MCB wrote to Miss G and told her they would try to take the payment again on 12 January 2024.

Miss G called MCB on 12 January 2024 and was advised that her account was in arrears. She agreed to make a payment of £150. MCB failed to advise Miss G that her direct debit

payment had been collected that day. This meant that her account wasn't in arrears, and she'd made a payment of £150 which wasn't necessary.

Miss G received an arrears reminder and called MCB to discuss things. It was during this call on 17 January 2024 that MCB confirmed to Miss G that it had taken her direct debit on 12 January 2024 as well as her manual payment of £150 on the same date.

MCB has acknowledged that it wasn't clear in its communications with Miss G. The information provided by the call handler to Miss G by MCB on 12 January 2024 was misleading, because they failed to tell her that MCB had successfully collected her direct debit. Even when the direct debit had been collected successfully, MCB sent Miss G a further text advising her that she was in arrears.

I understand how distressing this must've been for Miss G. Based on what I've seen, the communications from MCB weren't clear. Miss G – who thought she was doing the right thing by making a manual payment – was left short of money as a result of making a payment towards arrears which – at the date she made the manual payment - didn't exist. I appreciate that the manual payment of £150 was a considerable sum for Miss G to find and that it caused her to worry about her financial position that month.

I agree with the investigator that the compensation offered by MCB isn't enough to reflect the distress caused to Miss G. I also agree with the investigator that the sum of £100 is fair and reasonable to reflect the trouble and upset caused by MCB's error here.

Putting things right

To put things right, Brent Shrine Credit Union Limited trading as My Community Bank must pay total compensation of £100 to Miss G

My final decision

My final decision is that I uphold the complaint. Brent Shrine Credit Union Limited trading as My Community Bank must pay total compensation of £100 to Miss G.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss G to accept or reject my decision before 17 December 2024.

Emma Davy
Ombudsman