

The complaint

Mr M has complained about the way that National Westminster Bank Plc handled his direct debit indemnity claims (DDICs).

What happened

Mr M contacted Nat West asking it to recredit him with money paid from his account by direct debit to a number of different companies, going back over 10 years. At the time of responding to the complaint, Nat West had reimbursed some payments, declined some of his claims and said that it is was still investigating others.

Mr M is unhappy that Nat West sought to investigate the claims, including by contacting the relevant companies. He is also unhappy that it asked him to provide reference numbers relating to direct debits over seven years old. In addition, he is dissatisfied with the service he received from Nat West when dealing with his DDICs and complaint.

Nat West originally offered Mr M £75 compensation in relation to poor customer service. It later increased its offer to £175.

Our investigator thought that Nat West's handling of the DDICs was reasonable overall. However, he thought that total compensation of £225 would be more proportionate for the customer service errors that occurred, to which Nat West agreed.

Mr M disagrees with the investigator's opinion and so the complaint has been passed to me for a 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.

Mr M has also complained about Nat West sharing his personal data as part of its investigations. Mr M is aware that this has been set up as a separate complaint. Additionally, since making this complaint, some matters in relation to the DDICs have moved on, with Nat West declining some further claims. As our adjudicator has explained, Mr M would need to make a new complaint about the newly declined claims to Nat West in the first instance. To be clear, this decision is only looking at the matters covered in Nat West's final response letters dated 27 September 2021 and 22 March 2022.

Mr M disputes a number of direct debit payments made from his account over a number years. He therefore believes that he is entitled to an automatic refund under the direct debit guarantee.

The direct debit guarantee enables account holders to receive an immediate refund from their bank in certain – but by no means all – circumstances. The guarantee states that *'where an error is made in the payment of your direct debit by the organization or your bank or building society, you are entitled to a full and immediate refund of the amount paid from*

your bank of building society'. However, the guarantee cannot be used to address contractual disputes between a consumer and the billing organization.

The purpose of the guarantee is to provide protection to customers who have given companies access to their accounts in order to collect money. Errors generally relate to the mechanics of the direct debits, which is usually about the amount taken or the date on which payment was taken. As such, most errors in payment will usually come to light relatively quickly. Where that's the case, in most circumstances I might expect the bank to make a refund immediately. But where several years have elapsed, as is the case here, it is reasonable for the bank to carry out further investigations. So I'm satisfied that Nat West was not obliged to refund the money immediately and without question.

As the guarantee requires that an error is made in the payment of the direct debit, Nat West has reasonably sought further evidence from the originator companies to establish whether there was an error. Where it has declined claims, it has done so because it has concluded that the dispute lies between Mr M and the originating company, rather than there being an error with the direct debit itself. Nat West has then advised Mr M that he would need to contact the originating companies if he wishes to dispute the payments further. Based on the available evidence, I consider that Nat West has acted reasonably in declining these claims as not covered under the direct debit guarantee.

With regard to Nat West asking Mr M to provide further details, such as reference numbers, for claims about direct debits going back beyond seven years, I also consider this to be reasonable. Firstly, Mr M feels that this information shouldn't be necessary as he is entitled to a refund if he disputes the direct debits. However, I have explained above why I am satisfied that Nat West is entitled to carry out further investigations. And in order to carry out those investigations Nat West requires certain information.

Mr M is of the view that Nat West should already have the relevant details. However, that is not the case as banks are not required to keep information indefinitely. Whilst Nat West may have access to some information, such as bank statements showing the name of the merchant and the date of the direct debit, it needs more than that, such as the service user number and the reference number, in order to investigate a claim.

Nat West has accepted that the service Mr M received on occasion was below the standard he was entitled to expect. Mr M had difficulty in getting through to Nat West at times and spent a lot of time on the phone, he wasn't called back as promised and he was sometimes given incorrect information. However, based on the available evidence, overall I'm satisfied that £225 is an appropriate amount to compensate Mr M for the trouble and inconvenience that he was caused.

My final decision

For the reasons set out above, I uphold Mr M's complaint and require National Westminster Bank Plc to pay a total of £225 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 1 March 2023.

Carole Clark
Ombudsman