

## The complaint

Miss I complains that Domestic & General Insurance Plc (“D&G”) didn’t follow her instructions to change her Direct Debit details which then led to her incurring bank charges.

## What happened

Miss I holds three policies with D&G with the premiums being paid monthly. On 2 July 2022, her Direct Debit was declined so she called D&G on 12 July to change her bank details for her Direct Debits from Bank 1 to Bank 2. Miss I says, on 18 July, the three Direct Debits were requested by D&G from Bank 1 which were declined and led to Miss I incurring a £25 bank charge for each declined transaction – this totalled £75. Miss I says she contacted D&G and the call handler accepted they hadn’t changed the bank details on their system. Miss I complained and D&G responded and explained they’d correctly changed Miss I’s bank details. They said no payment was taken between 12 July and 18 July so the charges weren’t as a result of any request they made for payment.

Our investigator looked into things for Miss I. During our investigation, D&G explained they sent a letter to Miss I on 2 July and, because they have to allow 14 days for any amendments to be made, they attempted to collect payment 14 days after the letter was sent. Our investigator thought D&G had made an error here and recommended they pay Miss I £75 compensation for the trouble and upset caused. Miss I agreed but D&G disagreed so the matter has come 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.

Having done so, I’ve decided to uphold the complaint. And, I think the investigator’s recommendation here is a fair way to resolve matters.

System notes provided by D&G show a Direct Debit payment attempt was declined by Miss I’s bank on 2 July. D&G then sent a letter to Miss I letting her know about this and confirming *“There is no need for you to take any action, as we will try to take the payment again within 10 working days from the date of this letter.”* It goes further to say *“If any of your details have changed, please let us know by using the contact details above.”* And, *“We need to know about any changes to your...bank...”*

So, I’ve applied the information here to the timeline of events which have occurred. The payment request is declined on 2 July and a letter is sent letting Miss I know D&G will attempt to take payment again by 15 July. The next payment attempt is made on 18 July and Miss I has provided a screenshot from her online banking showing three payment requests being made by D&G which are debited from Miss I’s account but then immediately credited back. The letter to Miss I does ask her to contact D&G to let them know about any changes to her bank. There’s no dispute that Miss I contacted D&G on 12 July to change her bank details. So, taking this all into account, I think Miss I was led to believe another payment

attempt would be made by 15 July and, after she changes her bank details on 12 July, there shouldn't be any issue with D&G taking this payment from Miss I's account with Bank 2.

D&G say the letter shows them that Miss I was made aware that the payments were already submitted for collection, and they were unable to amend a collection date if this was already on the payment run. I understand D&G's point here and why a payment run, which is already in place, might not take account of any changes made after the payment run started. But, D&G haven't provided any evidence this was clearly explained to Miss I. The letter doesn't explain this to Miss I and, in fact, explains to Miss I she needs to contact D&G if she wishes to change her bank details – which she does. I note D&G say the change in bank details didn't actually take effect until 21 July, and I can see from system notes they've provided that, following the call on 12 July, their system was amended to reflect the new account details on 21 July. D&G say they have to allow 14 days for any amendments to be made, but again, I can't see this was explained to Miss I.

I note D&G say they would've expected Miss I to have cancelled the Direct Debit with Bank 1 and, because she failed to do so, this has resulted in the charge. I agree it's generally recommended that a customer should cancel any Direct Debits with their bank when they're no longer required but I don't believe this is ultimately responsible for the further failed payment. I can't see D&G have, at any point between 2 July to 18 July, explained to Miss I that the further payment attempt would be made to Bank 1. And in the absence of this key bit of information being brought to Miss I's attention, I think it was understandable that Miss I would believe the further collection attempt would be made to Bank 2 after she changed her details.

I understand D&G say their records show they only attempted to collect one payment on 18 July. I've looked at their system notes and agree this shows an attempt to collect a sum of £6.98. However, D&G confirm Miss I holds three separate policies, and all three premiums were due on 18 July. D&G confirm each plan had an outstanding premium in the sum of £6.98, £8.18 and £9.86. So, I've compared this to the screenshot provided by Miss I and this shows three separate failed collection attempts being made for the same three amounts. So, I'm persuaded it's more likely than not there were three separate payment requests made.

D&G say Miss I has had failed Direct Debits previously so they would expect her to be aware of D&G's processes when collecting Direct Debits. I agree D&G's system notes show Miss I has had previous unpaid Direct Debits, but I haven't been provided with any evidence that shows, during these previous occasions, Miss I changed her bank details between two attempted collections and D&G informed her about their payment run process and timeline. And that is what I'm saying is the error here in relation to the further attempted collection.

I can see D&G have asked for evidence of the bank charges incurred by Miss I. I note Miss I says she no longer holds an account with Bank 1 and isn't able to get this information. I don't believe it's necessary, in the circumstances of this case, for Miss I to prove this. I say this because, I think it's fair and reasonable for D&G to pay compensation for the upset, frustration and inconvenience caused to Miss I – and that is what the £75 represents. Miss I was understandably upset at finding out D&G had attempted to collect payment again from Bank 1 despite her instructions.

I've listened to Miss I's call to D&G on 18 July and it's clear she's upset and frustrated when the call handler checks the details they have on their system and reads out the details for Bank 1. Miss I then asks to be transferred to the complaints department who explain that it doesn't appear the account details were changed correctly. Even at this point, D&G don't explain the likely reason for this is that it can take 14 days for any amendments to be made. There was also inconvenience caused to Miss I in having to call D&G on 18 July to discuss this.

### **Putting things right**

I've taken the view that D&G made an error in not informing Miss I about their process prior to attempting a further collection by Direct Debit. So, D&G should pay £75 compensation to Miss I for the upset, frustration and inconvenience caused.

### **My final decision**

My final decision is that I uphold the complaint. Domestic & General Insurance Plc must pay £75 compensation to Miss I.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss I to accept or reject my decision before 28 March 2023.

Paviter Dhaddy  
**Ombudsman**