

The complaint

Mr D has complained Santander UK plc didn't refund him when he realised he'd had direct debits made from his account which he'd not authorised.

What happened

After visiting his Santander branch, Mr D found out about a series of monthly direct debits which had been made from his account over a period of nearly two years. These were direct debits collected by an insurance company (who I'll call A). He asked Santander to sort this out as he'd not authorised the payments.

Santander told him that they'd make an indemnity claim, which operates as part of the direct debiting scheme. Santander reported to Mr D they held a valid mandate in his name. Mr D continued to dispute this but Santander said there was nothing further they could do.

Mr D brought his complaint to the ombudsman service. In the meantime Mr D had pursued a civil claim against A and had been awarded the money A had debited from his account over two years.

Our investigator agreed Santander hadn't dealt with Mr D's complaint properly. He felt a payment of £400 was appropriate for the inconvenience caused to Mr D.

Santander accepted this outcome. Mr D didn't. He felt a message needed to be sent to Santander to demonstrate they couldn't treat customers the way he'd been treated. He's asked an ombudsman to consider his complaint.

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 reached the same outcome as our investigator. I'll explain why.

The first point to make is that there is no dispute Mr D was a victim of a fraud. I've seen a letter from A confirming that a policy was taken out fraudulently and Mr D's bank details were provided to enable payments to be taken. In these circumstances I'd have expected A to have matched Mr D's bank details and address. Mr D should then have received confirmation of the fraudulent direct debit when it was taken out which would have allowed him to take action back in 2021.

However once Mr D believed there were payments taken from his account without authorisation, I'd have expected Santander to have done more.

Santander has told us they initiated an indemnity claim but A confirmed that a valid direct debit mandate was in place. Actually I believe from the records they've shown to us that Santander's back-office operations decided not to initiate an indemnity claim as their records showed a valid mandate, in accordance with the direct debiting scheme rules, was in place.

Mr D believes Santander has lied to him about this and I'm not convinced they've not been elusive about what actually happened.

But I do have some sympathy with Santander. There has been a spate of claims by genuine customers who have asked for long-standing direct debit arrangements to be refunded in full. These have ended up needing to be repaid and have caused alarm and concern to customers. So banks are right to be slightly cautious.

I note here Mr D received a letter from A dated 10 March 2023. This confirmed the fraudulent nature of the policy. If he'd shown this to Santander, I'd certainly have expected Santander to refund Mr D in full as the payments came from his bank account without his authority.

As it is Mr D has received the money in full from A. He is now seeking compensation from Santander for the inconvenience he's been caused. Our investigator believed that £400 was fair.

Putting things right

I have reviewed what Mr D has told us. Early on he was clear that he felt he'd "*wasted the easy part of 8 hours of my life*" being left to pursue this himself. He's more recently told us he feels the ombudsman service needs to punish Santander's dishonest behaviour.

Unfortunately for Mr D that is not our service's role. We are not a regulator and specifically our proposed resolutions are not to punish action – or even inaction – by financial institutions. Nor do we provide compensation in tandem with an hourly rate.

I don't doubt that Mr D was inconvenienced and had to pursue his money through a civil claim. He is also right that a court may well take a different view of appropriate compensation, but our service is an informal alternative to the courts.

Mr D will be able to see from our website that we often award smaller amounts for cases of this nature so, taking this all into account, I believe that £400 is fair and reasonable in the circumstances.

My final decision

For the reasons given, my final decision is to instruct Santander UK plc to pay £400 to Mr D for the inconvenience caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 22 September 2023.

Sandra Quinn
Ombudsman