

The complaint

Mr H complains that The Royal Bank of Scotland Plc (RBS) provided him with poor customer service in relation to refunds under the Direct Debit Guarantee (DDG) scheme.

What happened

Mr H says that he asked RBS to refund money under the DDG scheme he paid to a company via direct debit. He says he was told on 20 December 2022 that the claim had been accepted and he would be paid a total of £590 by the end of the following day. Mr H says he spoke to RBS on 21 December and they confirmed it would be paid the following day. Mr H says he called them again before Christmas and he was told the money would be credited after Christmas, but he later received only half of what he expected to be paid. He said he had long hold times and his calls had been disconnected when he spoke with them. Mr H made a complaint to RBS.

RBS partially upheld Mr H's complaint. They said there were two claims Mr H made under the DDG scheme. They said for the first claim the amount he requested was £297.06, but he had already been refunded for payments from April 2022 and June 2022, resulting in the total amount being refunded for £223.72. They said for the second claim amount (£299.65), he had already been refunded for the payments between January-December 2022, resulting in the total amount being refunded to him for £36.67. RBS said they credited £100 compensation (£50 for misinformation and £50 for long hold times/calls terminated) to his account as while they have been unable to identify calls which were terminated without the correct closure, they should have handled his calls better. Mr H brought his complaint to our service.

Our investigator did not uphold Mr H's complaint. He said Mr H had been previously refunded some of the direct debits, so the amount RBS paid him was correct. But the call handler gave Mr H the impression he would be able to receive all of the money Mr H asked for, instead of informing him of the previous refunds. He said £100 was fair for the hold times, any disconnections and the misinformation. Mr H asked for an ombudsman to review his complaint as he said the £100 was too low considering the time he spent calling them to be lied to consistently and the stress these calls caused him.

As my findings differed in some respects from our investigator's, I issued a provisional decision to give both parties the opportunity to consider things further. This is set out below:

"I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint."

I've looked at the wording of the DDG. It states that "The Direct Debit Guarantee applies to all Direct Debits. It protects you in the rare event that there is an error in the payment of your Direct Debit, for instance if a payment is taken on the incorrect date, or the wrong amount is collected. It cannot be used to address contractual disputes between you and the billing organisation."

I've considered whether RBS should have processed the refunds that Mr H asked them to. But in order for RBS to do this, they would need to ensure the criteria of the DDG scheme was met before refunding the money. So I would not expect them to refund the money automatically without checking the criteria was met first. I say this because if they had processed the refunds and the criteria hadn't been met, then this could have caused Mr H difficulty if the funds were re-debited from his account, which would be the likely outcome if the DDG criteria hadn't been met. And in this instance, Mr H had already been refunded some payments from 2022. So he shouldn't have been refunded the full amount of what he asked for.

But what I would expect RBS to do here, is to complete their checks in a timely manner, based on the refunds he was entitled to. And I'm not persuaded that they did this here. I can see from RBS' system notes that the refund request was raised on the system on 14 December 2022. And from these notes I can see RBS had already identified within 12 hours that Mr H had already had a refund of payments from January-December 2022. But it wasn't until 28 December that the case was moved to a "claim in progress", and it was the following day (29 December 2022) that Mr H was refunded £223.72 and £36.67.

So I'm not persuaded that this delay was reasonable. It took over two weeks for the valid claims to be refunded to him. While I note the time of year and there were non-working days over Christmas, I'm persuaded RBS should have provided the refunds before Christmas based on how the DDG scheme should work.

I asked RBS to provide me with call recordings they had with Mr H between 14 December (when the claim was raised on the system) and 29 December 2022 (when they refunded the money into his account. They sent me calls from 23 December, 28 December and 29 December 2022. I'm aware Mr H has had several other calls with RBS, but they have been unable to locate the call recordings for these other calls. I also asked RBS if they could tell me the average time it took to be connected to a call handler in December 2022. RBS confirmed that this fluctuated almost hourly, so it would be difficult to pass comment on this. But RBS appear to acknowledge long waiting times in their final response to him and awarded him compensation for this.

From listening to the calls, I'm persuaded that RBS have let Mr H down here. On one of the calls Mr H tells the call handler that he was on hold for 20 minutes with the previous call handler and they were transferring him, but the call cut off. He tells the call handler he was told the funds would have been in his account by now and the claim was accepted the previous week. He tells the call handler he had rang up every day and they had told him this information. He tells the call handler the refunds were for £597. The call handler looks through the notes and says they show it would take three working days from 21 December. Mr H asks why he is told different information from each call handler, but the call handler is unable to answer this.

On a call I listened to, Mr H tells the call handler that he spoke to someone five hours ago and he was assured the money would be in his account that day. He tells the call handler that he called an hour ago and he was told if the money wasn't in his account by 5:30pm then he needs to call them back so they could put something in his account as they haven't kept in line with their service levels. The call handler tells Mr H that they need to call through to the indemnity team, but he says he just spoke to them, and they transferred him to international payments.

On another call I listened to, Mr H tells the call handler that this was the second time he had tried to be put through to the complaints team, but he hadn't been connected. So it would indicate that the line had been disconnected when the previous call handler tried to connect him (although I'd be unable to prove who was at fault for the disconnection).

Mr H tells the call handler he'd been trying to get this sorted for the last ten days, and he was audibly distressed and he expresses this to the call handler in the words that he used. The call handler tries to transfer Mr H to the complaint team and is placed on hold. After around 45 minutes of holding, he is connected to the complaints team. Before he was connected to the complaint handler, Mr H confirmed that he was told his claim had been accepted for £597 from the call handlers and he had been told lies on a daily basis from them. While I don't have the call recordings here, it appears RBS have accepted Mr H was told incorrect information based on their response awarding him £50 for incorrect information given to him.

I've considered what would be a fair outcome for this complaint. RBS have credited Mr H with £100, based on the misinformation he was given and the long hold times. But considering everything as a whole I'm not persuaded that this is proportionate for the impact the events had on Mr H. I say this as looking at the timeframe that Mr H had raised the claim under the DDG scheme, his account was overdrawn, whereas these refunds would have brought the account into a slight credit (such as when these were paid on 29 December 2022). Mr H suffered a lot of distress which was evidence by the calls I listened to. And I think a lot of this distress could have been avoided if RBS had processed the refunds in a timely manner and in line with the DDG scheme.

Although I'm not persuaded that Mr H needed to ring RBS every day during this timeframe, I can understand why he did this as it was clear he needed his money back. And being on hold for prolonged periods of time, being disconnected and being told different information only added to the distress that the delays had, which meant he was inconvenienced to have to keep chasing RBS up.

So I'm persuaded that RBS should pay Mr H a further £100 to total £200 compensation for what happened here. While long wait times occasionally may happen, none of the call handlers of the calls I listened to disputed anything that Mr H said about being disconnected, long holding times, being transferred to wrong departments and told wrong information etc. So although the issues took over slightly two weeks from start to finish, I feel extra compensation is warranted due to the impact of how RBS dealt with the refunds, with no action on their system for 13 days at one point, and the impact the distress and inconvenience had on Mr H. So it follows I intend to ask RBS to put things right for Mr H."

I invited both parties to let me have any further submissions before I reached a final decision. Mr H accepted the provisional decision. RBS did not respond to the provisional 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.

As neither party have provided me with any further information to consider, then my decision and reasoning remains the same as in my provisional decision.

Putting things right

In my provisional decision I said I intend to uphold this complaint. I said I intend to ask The Royal Bank of Scotland Plc to pay Mr H a further £100 for distress and inconvenience. I'm still satisfied this is a fair outcome for the reasons given previously.

My final decision

I uphold this complaint. The Royal Bank of Scotland Plc should pay Mr H a further £100 for distress and inconvenience.

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

Gregory Sloanes
Ombudsman