

The complaint

Mr T complains Lloyds Bank PLC rejected direct debits on his current account when they said they'd pay them.

What happened

In June 2023 Mr T knew he had £792.20 worth of direct debits coming out, that he couldn't afford. He spoke to Lloyds on 1 June 2023 to ask for a credit plan to cover these – and says this was agreed. So, when Lloyds rejected these direct debits Mr T wasn't happy. He said this cost him over £100 in fees, and he's had to spend several hours on the phone to Lloyds trying to sort this out.

Lloyds said they've no control over when a company takes a direct debit, and if the plan wasn't in place when they tried to take the money, then the payment would be returned. They said they were sorry about the charges Mr T had incurred, but if he wanted to discuss them he'd need to get in touch with the relevant companies who had charged them. In a second later response, Lloyds said they were sorry with the service Mr T had received, but overall across the two responses they didn't think they'd done anything wrong.

Unhappy with this Mr T asked us to look into things. One of our Investigators did so but found Lloyds hadn't done anything wrong.

Mr T didn't accept this, he said he clearly applied for a loan for his direct debits and the letter says the exact amount of the direct debits – and that it had started. Mr T felt our Investigator had been biased in favour of Lloyds. So, the complaint's been passed to me to decide.

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.

The letter Mr T received is dated 2 June 2023, and says:

Your plan's already started. If you haven't already cleared your unarranged overdraft, you'll need to pay £792.20 into your account by 15 June 2023.

So, I completely agree with Mr T that the plan had already started by the date of the letter. And the amount I can see that was returned was £792.20 – the exact amount, again as Mr T said.

But, the direct debits for £228.63 and £563.57, totalling £792.20, were applied for on 1 June 2023.

This was the same day Lloyds put the plan in place, and a day before the letter was sent – and they've said they've no control over when a company takes a direct debit. Given direct debits are about a company claiming those funds from their customers accounts, I believe this to be true.

So, while I know Mr T will be very disappointed, all the evidence I have shows the plan wasn't in place at the time the direct debits were attempted to be taken. Because of that, I can't reasonably say Lloyds have done anything wrong.

My final decision

For the reasons I've explained above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 26 March 2024.

Jon Pearce
Ombudsman