

The complaint

Mr D and Mrs D complain Clydesdale Bank PLC trading as Virgin Money (Virgin) refused to undertake a direct debit indemnity claim as requested.

What happened

Mr D says he contacted Virgin in September 2023 to request a direct debit indemnity claim for a payment to a credit card provider (X). Mr D says a direct debit for £150 had been taken in error by X but when he asked Virgin to process the direct debit claim for all the debits that had been collected from his account, Virgin refused to do so initially because the account he held was in joint names and also given the length of time that had passed. Mr D says Virgin have also told him he must contact X before it could process any claim for him.

Mr D believes Virgin aren't acting in accordance with the direct debit indemnity rules which he says clearly state banks like Virgin, should initiate an indemnity claim when an error has been made by the vendor – which he says happened here. Mr D says Virgin also misled them about the process of the direct debit indemnity claim process. Mr D says Virgin should now refund all the direct debits taken from his joint bank account by X and then process an indemnity claim to it. Mr D also wants Virgin to pay him compensation for the trouble and inconvenience this matter has caused and for the unreasonable length of time he has spent dealing with this matter.

Virgin says it has apologised for the fact Mr D was given incorrect information about the indemnity claim process and the time it took for him to get through on the telephone to raise the issue and paid Mr D and Mrs D £100 by way of apology.

Virgin says it hasn't made a mistake regarding the issue over the direct debit indemnity claim as it needed Mr D and/or Mrs D to first contact X if they believed the direct debit was taken in error- as it has explained to Mr D. Virgin says the direct debit had been taken from the joint bank account since 2021, and Mr D and Mrs D haven't raised this issue previously so it was reasonable of it to ask Mr D and Mrs D to speak with X first before initiating a claim, as the issue could have been resolved directly with X at that point.

Mr D and Mrs D weren't happy with Virgin's response and referred the matter to this service.

The investigator looked at all the available information but didn't uphold the complaint. The investigator felt while Virgin had provided some misleading information initially regarding the direct debit indemnity claim process to Mr D, it had acted fairly here as it has to be satisfied an error has occurred before processing such a claim.

The investigator felt as the direct debit to X had been ongoing since January 2021, and that should have been noticed by Mr D and Mrs D earlier, it was therefore reasonable for Virgin to seek additional information before processing the claim. The investigator felt Virgin's offer of £100 for the incorrect information regarding the claim being denied and the time it took Mr D to get through to Virgin, was fair here.

Mr D and Mrs D didn't agree with the investigator's view and asked for the matter to be

referred to an ombudsman for a final 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 won't be upholding this complaint and I will explain how I have come to my decision.

I can understand it would have been frustrating and upsetting for Mr D and Mrs D to request a direct debit indemnity claim, only for this request to be denied and for Mr D to be initially misinformed why the claim couldn't be processed.

When looking at this complaint I will consider if Virgin acted unfairly when it refused to initiate the direct debit indemnity claim, until Mr D and/or Mrs D contacted X first to query the direct debits to their bank account.

Both Mr D and Virgin have provided this service with comprehensive details of the course of events here and while that has proved helpful, I won't be commenting on every point made as I don't feel it's necessary in order to come to a full and impartial decision here. That's not to say I haven't considered everything that's been said – I have. But it's just that I don't need to comment on each individual point here in order to reach a decision on what's fair and reasonable.

Mr D's and Mrs D's complaint centres around the fact Virgin haven't treated them fairly or complied with the direct debit indemnity claim rules, when it refused to initiate a direct debit claim to X, and it also provided incorrect information initially when it told Mr D the claim couldn't be processed, as it was on a joint account and too much time had passed.

Mr D feels Virgin were obliged to initiate a direct debit indemnity claim on his request, as he told them an error had been made by X and provided this service, amongst other related documents, an extract of a direct debit guarantee document reiterating that point.

While I accept the guarantee refers to a full and immediate refund if an error has been made by either the presenter or the bank (here X and Virgin), it's also fair to say Virgin, before initiating such a claim, would need to satisfy itself that an error had happened here. Given the direct debit had been in place since January 2021 and Mr D had made no contact with X to discuss the issue, I can't say that Virgin would have enough evidence to be satisfied an error had been made or what the error was exactly, so it could explain this as part of the indemnity claim.

I understand Virgin explained to Mr D he would need to contact X to raise the issue as to why it had been claiming direct debits for over two years, as it felt if that was an error made by X, in all likelihood X could have resolved the issue directly with Mr D and Mrs D. I'm satisfied that was a reasonable request from Virgin, and it's not clear why Mr D and/or Mrs D haven't contacted X over this matter, if they feel an error has been made by them for over two years.

I do understand Virgin may have misled Mr D initially when it told him part of the reason for not processing the claim was due to it being a joint account and the time that had passed and that wasn't correct. Virgin have apologised for that and for the time it took Mr D to get through to them over this matter and have paid them £100 for this, which is what I would expect Virgin to do here, and I am satisfied the level of redress for that is fair in the circumstances.

While Mr D and Mrs D will be disappointed with my decision, I won't be asking anymore of Virgin.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D and Mrs D to accept or reject my decision before 12 March 2024.

Barry White
Ombudsman