

The complaint

Mrs H complains that Bank of Scotland plc trading as Halifax (Halifax) wouldn't refund direct debit claims.

What happened

Mrs H made five direct debit claims under the direct debit indemnity scheme (DDI), each for £17, in respect of council tax – and these were refunded to her on 3 April 2023.

She then made a further six claims and these were rejected on 27 April 2023. She was sent six separate letters about the decline decisions.

Mrs H complained. She said a credit for a successful DDI claim had been re-debited to her account; and questioned why the further six claims had been rejected – when she gave the same reason ('paid in error'). And it was inconvenient to get six separate letters about the unsuccessful claims.

Halifax said:

- There hadn't been a re-debit to Mrs H's account. The refunds of five payments, each for £17 had been made and these stood.
- The further six claims were denied – Mrs H was advised to contact the merchant (i.e. the council) to ask for a refund. Halifax said the claims didn't meet the refund criteria – which were:
 - o The merchant had taken the Direct Debit (DD) on the wrong date.
 - o A customer hadn't received notification about the payments.
 - o The merchant had taken a DD for the incorrect amount.
 - o A customer had previously cancelled the DD through the merchant.
 - o If a customer was disputing the signing authority or didn't recognise the merchant claiming the DD.
- Halifax apologised for sending six letters about the six claims – but their process was to do that; as six claims had been made by Mrs H.

Mrs H brought her complaint to us. Our investigator said the further DDI claims dated back to 2020, and it's reasonable to expect Mrs H to have raised this with Halifax before – i.e. she should've noticed the error in the debits being claimed at an earlier stage.

But our investigator also said that to receive six separate letters wasn't good practice. And Halifax had also misled Mrs H in saying there had been a re-debit to her account - when there wasn't. So she said Halifax should pay compensation of £50 for that.

Mrs H didn't agree and asked that an ombudsman look at her complaint, and so it has come to me to make 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.

Mrs H got a refund of five payments, each for £17 on 3 April 2023 – for council tax she'd paid. This was reviewed by Halifax under the DDI scheme. Mrs H says she put the reason for those claims as 'paid in error'. She then made a further claim for another six payments – which I can see were also for council tax payments between March 2020 and October 2020. The amounts varied between £1 and £20.12; and totalled £84.46.

Halifax declined to refund the six further claims. Mrs H argues she stated the same reason for the claims – 'paid in error' – so these should also be refunded. We asked Halifax more about their decision. They told us each claim is judged on its merits. And in this case, because the payments went back at least three years – they came to the view that Mrs H should've noticed the error much earlier and raised the claim then.

I've seen how Halifax made the decision they came to and in the circumstances of Mrs H's claims, I'm satisfied they came to a fair and reasonable decision.

I can see that Mrs H received a letter from Halifax which said her account was to be re-debited, when in fact it wasn't. So – I agree that was an error by Halifax and must have caused Mrs H some concern and confusion. I can also see Halifax sent her six letters when declining to refund the further six payments. While that was part of Halifax's process, I can accept that, following on from the earlier letter; this must also have caused Mrs H some distress and inconvenience. So, I agree that a payment of £50 is appropriate.

My final decision

I uphold this complaint. Bank of Scotland plc trading as Halifax must:

- Pay compensation of £50 for distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs H to accept or reject my decision before 25 March 2024.

Martin Lord
Ombudsman