

## **The complaint**

Mr and Mrs W complain that when they switched banks from The Co-operative Bank Plc ("Co-op") that one of their direct debits failed to switch over to their new account provider.

## **What happened**

Mr and Mrs W held an account with the Co-op. In July 2022 Mr and Mrs W completed a direct debit instruction with the council to pay annually for collection of their garden waste. The first payment to be taken by direct debit in July 2023.

Before this was due to be taken and not long after the direct debit instruction was put in place Mr and Mrs W switched banks. The bank account switch happened on 8 September 2022 and the Co-op cancelled all direct debits and standing orders from its side on 28 September.

In June 2023 Mr and Mrs W received an invoice for their garden waste confirming that the direct debit payment for £55 reference ending 0740 would be taken in or around the 5<sup>th</sup> of the month and that no further action was required.

The following month Mr and Mrs W received a letter dated 17 July informing them that the request to their bank for the direct debit payment for their garden waste had been returned as no instruction leaving the fee unpaid. Mr and Mrs W were upset and embarrassed by this as they thought all direct debits had been successfully switched over when they moved their account and complained to the Co-op about this.

The Co-op didn't uphold Mr and Mrs W's complaint. It says after the payment switch date in September 2022 Mr and Mrs W's new bank took responsibility for ensuring that the direct debit originators are instructed to change over and that this forms part of their switch guarantee. The Co-op said as all direct debits were switched over and it can't see any payment requests made on their closed account with it, it can't see any errors made on its part.

Mr and Mrs W were dissatisfied with this and brought their complaint to this service.

One of our investigator's looked into their complaint but having a look at the list of all direct debits transferred to Mr and Mrs W's new bank thought that the direct debit to the council had been included in the list under reference ending 2330 and so didn't think the Co-op had done anything wrong.

Mr and Mrs W disagreed. They say there were meant to be two separate direct debits going to the council and the one that had gone unpaid was for garden waste. They believe the error is due to the fact that the direct debit for garden waste hadn't yet been collected when they switched banks and during the switch only active direct debits were switched over. Mr and Mrs W have asked for an ombudsman's decision on the matter.

A provisional decision was issued on 30 April 2024 where I intended to uphold Mr and Mrs W's complaint on the basis the Co-op failed to notify Mr and Mrs W's new account provider of a direct debit on their account.

Mr and Mrs W accepted the provisional decision, but the Co-op disagreed and provided further information.

I issued a further provisional decision on 28 May 2023. In my provisional decision, I explained why I was no longer proposing to uphold Mr and Mrs W's complaint. I invited both parties to let me have any further submissions before I reached a final decision and neither Co-op or Mr and Mrs W have added any new information.

### **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.

In my provisional decision dated 28 May 2024 I said that:

*"It might help if I explain here my role is to look at the problems Mr and Mrs W have experienced and see if the Co-op has done anything wrong or treated them unfairly. If it has, I would seek – if possible - to put Mr and Mrs W back in the position they would've been in if the mistakes hadn't happened. And I may award compensation that I think is fair and reasonable.*

*And having reconsidered all the evidence and the Co-op's response to my provisional decision I no longer think Co-op made an error and currently don't intend to uphold this complaint. It is clear that something did go wrong – a direct debit Mr and Mrs W thought was set up wasn't collected. But I no longer think this was due to an error on the Co-op's part.*

*Co-op have explained a direct debit instruction is an agreement between the account holder and the merchant and is not held by the Bank. And my understanding is it is the merchant that puts the instruction in place when collecting the first direct debit payment.*

*I accept Mr and Mrs W provided a copy of a letter sent from the council saying their garden waste payment was due to be collected by direct debit and hence the reason Mr and Mrs W believed it had been set up. But this doesn't prove that the council had contacted the Co-op about this or that the direct debit was in place. Indeed, I think it is more likely that the council only tried to collect payment and put the direct debit instruction in place when the payment was first due. And because the account was no longer in existence – Mr and Mrs W having switched accounts in September 2022 – the payment was rejected.*

*So I think it's now more likely the Co-op didn't give Mr and Mrs W's direct debit for garden waste to their new account provider because it never received the instruction from the council as the payment wasn't due prior to Mr and Mrs W's account switch."*

I appreciate this is most dissatisfactory for Mr and Mrs W's as they would like to know exactly what happened and where things went wrong. But in the circumstances of this complaint it is not possible to say for sure what happened and so I've had to base my decision on what I think is more likely to have happened.

And as neither party has provided any further new evidence or arguments for consideration, I think it is more likely the Co-op didn't receive the instruction from the council until after Mr and Mrs W's account was switched and so I can't say it made an error and it follows that I don't uphold this complaint.

### **My final decision**

For the reasons I've explained, I do not uphold Mr and Mrs W's complaint against The Co-operative Bank Plc.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W and Mrs W to accept or reject my decision before 9 July 2024.

Caroline Davies  
**Ombudsman**