

The complaint

Mr S complains that Barclays Bank UK PLC hasn't refunded direct debit payments he says were incorrectly taken from his account.

What happened

Mr S, who is represented by a family member, says that a business I will call "S" has taken payments from his account via direct debit that were not his. He says he had a direct debit set up to pay S, but the second direct debit was fraudulently or incorrectly taken. Mr S says he asked Barclays to raise a Direct Debit Guarantee (DDG) claim for him, but it refused. He would like the payments refunded.

Barclays says it couldn't raise a DDG claim and required evidence from S that the payment was fraudulently taken. It questions why Mr S didn't notice the payment before the issue was raised.

Mr S's representative brought this complaint to us and explained S would not provide the required evidence.

Our investigator was sympathetic to Mr S's position but didn't think Barclays had acted unfairly. The investigator thought it was entitled to request evidence from S about the fraud.

Mr S doesn't accept that view and his representative has confirmed some payments have been refunded by Barclays.

Barclays has said it will now raise a DDG.

My provisional decision

I issued a provisional decision on this complaint and said that Barclays ought to have raised a DDG claim when first told of the issue and ought to have done more to help Mr S taking into account his vulnerabilities which it knew about.

I explained that the DDG was designed to protect a consumer that made a payment via a direct debit. And that the DDG wasn't to be used to sort out a contractual dispute but to protect against mistakes. I said it was for the bank, in this case Barclays, to refund the payments and sort out the issue with, in this case, S.

So, I couldn't see any reason, when Mr S's representative raised the problem with Barclays, why it simply didn't raise a claim under the DDG. I was satisfied the DDG is designed for this sort of problem and S and Barclays could have sorted matters out. I couldn't see why Barclays required Mr S or his representative to speak to S and try and obtain evidence of what had taken place in the setting up of the incorrect direct debit. And I could see that Barclays had now raised a DDG claim and refunded Mr S the money or some of it. I thought that provided additional evidence that the DDG claim could have been raised when it was first requested.

I appreciated that Barclays questions why Mr S didn't notice the problem far sooner, as it

appears the direct debit may have been set up in 2018. In normal circumstances I said I would agree but, as I made clear, I thought Barclays ought to have been aware of Mr S's personal circumstances which I was satisfied would have made it difficult to monitor his account as well as speak to S.

I could see that Barclays had fairly raised a DDG claim and refunded payments. I said I couldn't be sure how many payments had been refunded or what if anything S had said about it. I hoped Barclays would confirm, before I issued a final decision, what the updated position was.

I was satisfied provisionally that Barclays should refund all of the payments made under the DDG and it ought to pay interest on any refunded payments from the date it was told about the issue which was in 2023. I said Barclays could check the date it was told about the issue and calculate the refund as well as the interest at 8% from the relevant date. I appreciated that the DDG claim had not been resolved and said depending on the outcome of that, then the question of interest may need to be looked at again.

As I was satisfied that a DDG ought to have been raised in around 2023 when Barclays was first told of the issue, then I also thought that it should pay compensation to Mr S. I was satisfied that Mr S has been caused distress and inconvenience. And that he made repeated attempts to try and persuade Barclays to raise a DDG claim on his behalf. I thought that Barclays should pay Mr S £250 compensation which I thought was fair and reasonable and that it reflected how long it took before a DDG claim was raised.

Mr S hasn't responded to my provisional decision.

Barclays says it didn't refuse the DDG request but required further information. It says the DDG is not a "no question" refund and that any refunded payments may later be re-debited.

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 have come to the same overall decision that I reached in my provisional decision and for the same reasons.

I appreciate that Barclays is entitled to request further information from Mr S and that any refunded payments may later be re-debited. But I have made clear that it was impossible for Mr S to provide the information Barclays wanted or request any further information from S. I have also made clear that Barclays ought reasonably to have known about its customers personal circumstances. I am satisfied the fairest approach would have been for Barclays to refund the payments under the DDG and sort out the issue with S. Barclays could have correctly told Mr S that the refunded payments may at a later stage be required to be repaid

Barclays hasn't provided the information I said it should about the updated position.

Putting things right

Barclays should refund all of the payments Mr S says were in error and pay 8% simple interest on that refund from the date it was told about the issue until the date of settlement. If Barclays is required to make a deduction of taxation to His Majesty's Revenue and Customs, then it should provide a certificate of that deduction in the usual way.

Barclays should also pay Mr S £250 compensation.

My final decision

My final decision is that I uphold this complaint and order Barclays Bank UK PLC to put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 19 October 2024.

David Singh
Ombudsman