

## The complaint

Mrs A complains that Barclays Bank UK PLC won't refund to her money paid from her bank account using direct debit over a period of several years.

## What happened

Mrs A made two claims to Barclays under the direct debit guarantee. She said that a finance company, which I'll call 'C' had taken regular monthly payments from her Barclays bank account totalling several thousand pounds starting in March 2017. She said another finance company, which I'll call 'D' had taken monthly payments totalling just over £1,500 starting in April 2019. Mrs A told Barclays that neither C nor D held contracts with her signature on them.

Barclays said it had asked Mrs A for any further information she could provide from the originators (meaning C and D) where they had accepted the payments had been taken in error and/or any correspondence she'd had with them. But as it said she had not provided this evidence, Barclays told Mrs A that it would not make any refund to her. It suggested she contact C and D if she thought those companies owed her money.

Mrs A complained to Barclays about the time it had taken to deal with her claims under the direct debit guarantee and about its decision. She repeated that neither C nor D could show they held contracts with her signatures. But Barclays said it could not take matters further without evidence to show the payments had been taken in error.

Unhappy with Barclays' response, Mrs A asked us to look into her complaint. Our Investigator didn't uphold Mrs A's complaint. He concluded that Barclays had been entitled to ask her for more information to support her indemnity claims under the direct debit guarantee. Barclays had fairly said it was willing to reconsider its position if she provided further evidence. He explained that it was for Mrs A and not for this Service to obtain any relevant evidence from C and D.

Mrs A asked for an Ombudsman's review. In summary, she said:

- The direct debit guarantee covers errors in the collection of payments. That is the basis of her claims, not any contractual dispute. She's not been in a contract with either C or D.
- This Service should get C and D to provide proof of the contracts with wet signatures.
- In response to our Investigator's question: *"So, for the avoidance of doubt, you didn't take out or receive any loan proceeds or credit cards with the businesses C and D"* she said: *"no lawful services were provided by either merchant"*.
- She added: *"All actions were as a result of taking advice from Barclays, and the merchant was contacted without reply. The merchant could not provide a lawful contract or agreement, and therefore, the direct debit payments were taken in error. The payments were the error, as per the direct debit guarantee. If there is an error in the payment (which IS the issue here), then a bank is obligated under the Direct Debit Guarantee scheme to refund it. Is it not?"*

## 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.

I've summarised the background to the complaint in line with the informal scope of this Service. But I've reviewed all the evidence including the online messages Mrs A exchanged with Barclays. Having done so, I've decided not to uphold this complaint. I'll explain why, and in doing so I'll focus on what I consider to be the key issues.

I've considered whether the direct debit guarantee was intended to be used in the way Mrs A has sought to apply it here. In particular, Mrs A says the direct debit guarantee requires the bank to give her a full and immediate refund of the payments taken in error by C and D.

The wording of the direct debit scheme by the operator (Bacs) says *"if an error is made in the payment of your Direct Debit [my emphasis] by the organisation or your bank or building society, you are entitled to a full and immediate refund of the amount paid from your bank or building society"*.

I consider Barclays correctly explained that Mrs A could attempt to claim payments she said had been taken in error via the indemnity under the direct debit guarantee.

But equally Barclays was entitled to ask Mrs A for further information about her indemnity claims. In doing so, I think the bank was trying to establish if it had valid grounds to apply the guarantee. Like our Investigator, I don't think that was an unreasonable approach for the bank to take.

The direct debit guarantee enables account holders to receive an immediate refund from their bank in certain – but by no means all – circumstances. Its purpose is to provide protection to customers who have provided originators with access to their accounts in order to collect money. But most genuine errors in payments will usually come to light relatively quickly. Where that's the case, in most circumstances I might expect the bank to refund immediately. But where several years have elapsed and insufficient information is provided, as here, I think that does call into question whether the claim is genuine. In those circumstances, I'm satisfied the bank is not obliged to refund immediately and without question, as Mrs A suggests.

In my view, the guarantee wording I've highlighted above clearly means that the entitlement to a refund isn't absolute. It requires that an error is made in the payment of the direct debit. Barclays has reasonably asked Mrs A for further evidence so that it can investigate whether an error was made. It explained at an early stage that unless it could clarify the exact nature of the error it was unable to provide a refund, because Mrs A having stated an error had taken place might not necessarily have meant that it fell within the remit of the direct debit guarantee.

Mrs A has not provided any correspondence with C or D. She's not specifically commented on Barclays' observation that she received a credit payment from D in 2019, just before the regular, fixed monthly payments to D started to be paid from her account. She's not directly answered our Investigator's questions about whether she received any loans or credit from C or D.

Mrs A says that neither C nor D has provided her with a *"lawful contract"*. Our Investigator has explained how she can raise a complaint about C and D if she would like to do so. As he said, it is for Mrs A and not this Service to provide evidence in support of her indemnity claims and I don't consider she has done so.

Based on what I've seen, I don't think a fair way to resolve this dispute is for me to simply require Barclays to refund Mrs A.

Finally, I've considered Mrs A's concerns about the way Barclays dealt with her indemnity claims. I can see that she's spent time contacting Barclays for a response to her claims. But I think Barclays did explain reasonably quickly that it would need more evidence from her to take her claims further. It also responded to her complaint about this and repeated the information it would need. I don't consider there are any reasonable grounds for me to require Barclays to do anything further or to compensate Mrs A.

### **My final decision**

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

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

Amanda Maycock  
**Ombudsman**