

## **The complaint**

Ms A complains Santander UK Plc didn't handle a direct debit guarantee claim fairly.

## **What happened**

Ms A had a direct debit for a utility provider, B, to pay her monthly bills. In February 2024 B took over £600 via this direct debit. This amount was six times Ms A's usual payment, so she contacted Santander and asked it to refund this amount under the direct debit guarantee.

Santander refunded Ms A and contacted B about the payment. B provided proof the debit amount was correct, and Santander took its refund back.

Ms A complained to Santander, saying it should have been clear this amount wasn't for a monthly bill but was instead for a billing error B had made previously and was looking to recover. Ms A felt B had recovered this debt unfairly via direct debit.

Santander responded to say the guarantee claim was unsuccessful, B had evidence the amount it claimed was correct and had notified Ms A about the amount it was looking to debit in February 2024.

Santander said it had sent Ms A a letter about taking back the refund, but it seemed she hadn't received it.

Unhappy with this response, Ms A brought her complaint to this service. An investigator looked into things but didn't think Ms A's complaint should be upheld.

The investigator thought Santander had told Ms A, in its first call with her, it might take back the refund if the guarantee claim was unsuccessful. The investigator thought the proof B had sent Santander was persuasive, so taking back the refund was fair.

The investigator accepted Ms A hadn't received the letter, telling her the refund was due to be taken back, but this hadn't changed the fact it was fair to take it back. The investigator didn't think it was fair for Santander to scrutinise the original debit to see if it was correct.

Ms A didn't accept this outcome, and said Santander failed to protect her despite the guarantee being in place. Ms A said it was clear the direct debit wasn't for a monthly bill. Ms A felt the proof from B wasn't persuasive as it wasn't dated.

Ms A felt there should be a higher level of oversight from Santander and asked for an ombudsman to decide her complaint.

## **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 looked at Ms A's statements, and the direct debit in February 2024 was much higher

than previous payments she's made. But Ms A also seems to accept this money was owed to B, albeit because of an error B made.

The direct debit guarantee rules are available online, and they explain when it's meant to be used. The guarantee says it protects consumers in case a business collects money on the wrong date or takes the wrong amount.

The guarantee says if there are changes to the amount, date or frequency of a direct debit the organisation, in this case B, will contact the consumer in advance.

The guarantee also says it's not to be used for contractual disputes with the collecting business. The guarantee also says if a consumer receives a refund they aren't entitled to, they must pay it back.

Looking at what B sent Santander, and I assume sent Ms A too, it says the higher amount will be collected on 27 February 2024. Whilst I can't see a date of this notice, it has Ms A's address on as well as her first name.

I don't think the lack of a date matters here, I'm confident this notice applies to Ms A and notifies her of the increased amount and the day it's due to debit.

I think this means B didn't make an error by collecting the wrong amount or on the wrong date. I think it's more likely than not B notified Ms A of this increase in her direct debit.

It seems there wasn't an error with the amount or date, so I don't think the direct debit guarantee applies here. Santander refunded Ms A in full, but I think Ms A owed B the money it asked for.

Because of this, it's fair for Santander to take back the refund. The guarantee says Santander can recover its refund if Ms A wasn't entitled to it, so I don't think Santander's acted unfairly in taking back the refund.

Ms A says Santander should have reviewed her account before allowing the direct debit to go out. Ms A says this review would have shown the amount was much more than she normally pays and wasn't a monthly bill.

I wouldn't expect Santander to review every customer's account prior to releasing individual direct debits. And Santander isn't in control of how much utility Ms A has used or what the price of it is.

Ms A's dispute appears to be with B, over how it calculated this bill and because it appears to have recovered a historic billing error as part of her monthly direct debit. I think this is for B to answer, not Santander. Santander simply paid the amount B asked for.

And Ms A had already agreed Santander could do this, when she agreed to pay B via direct debit. Ms A would have authorised Santander to pay B the amounts it asked for, in the same way it pays her other direct debits to other providers.

And the guarantee doesn't say Santander needs to review accounts prior to allowing payments out. Instead, the guarantee relies on errors being rectified as part of the guarantee, rather than ongoing reviews by the individual banks.

So, I don't think Santander made an error in making a payment to B much higher than Ms A's usual bill amounts.

I think Santander clearly explained to Ms A about the guarantee and told her the refund could be taken back. Ms A mentioned she doesn't have this call, despite asking for it, so I'd suggest Ms A contact Santander if she wants a copy of this call.

And Ms A says she didn't receive the letter, where Santander told her it as taking back the refund, until after this happened. I'm satisfied the letter was sent in good time, and I don't think a failure to receive the letter means it's unfair for Santander to take back the refund.

I think Santander handled Ms A's direct debit guarantee claim correctly. Santander refunded Ms A when she asked it to raise a guarantee claim, but warned Ms A it might take back this refund.

Santander then contacted B to check the payment was a legitimate one and received information from B to show it was. Santander then wrote to Ms A to say it would be taking back the refund, as she wasn't entitled to it anymore.

Santander then took back the refund, and this was a fair thing to do.

In the circumstances I don't think Santander needs to do anything more to resolve Ms A's complaint.

### **My final decision**

My final decision is I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms A to accept or reject my decision before 10 February 2025.

Chris Russ  
**Ombudsman**