

The complaint

Mr G, a sole trader, complains that Starling Bank Limited (Starling) didn't cover the cost of missed payments when the Direct Debit he had set up didn't go through.

What happened

In July 2023, Mr G became aware that his Direct Debits to his local council hadn't been going through and as a result, he owed the council over £2,500. He was unhappy that the payments had stopped without his knowledge and contacted Starling to complain about the stopped payments and request it to pay the outstanding debt through the Direct Debit Guarantee (DDG)

Starling informed him that it hadn't cancelled the Direct Debit, so didn't agree that it had made an error. It also said it wouldn't be able to raise a DDG as the situation didn't meet the criteria so Mr G would have to contact the Council to discuss a repayment plan.

Mr G wasn't happy with this so brought the complaint to us. One of our investigators reviewed the complaint but didn't think that Starling had made any errors so didn't agree that it should pay the outstanding balance.

Mr G remained unhappy, stating that he felt the DDG should cover the outstanding debt and requested an ombudsman review the complaint. Therefore, the complaint was passed to me.

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 understand how strongly Mr G feels about this complaint. He has raised a number of points and although I may not mention every point raised, I have considered everything he has said but limited my findings to the areas which impact the outcome of the case. No discourtesy is intended by this, it just reflects the informal nature of our service.

Having looked at the complaint fully, my review of the evidence has led me to the same overall conclusions the investigator previously set out and for much the same reasons.

I've reviewed the evidence provided by Starling and can see the Direct Debit remained live, however had a £0 amount applicable to it. The Direct Debit was set up by the local council and from what I understand from Mr G's communication with the council, the stopped payments are likely to be a result of a cyber-attack on its IT systems. While I can understand the frustration this has caused, I can't hold Starling responsible for it. Banks are required to follow instructions set by the third party and to process any payments requested, in this case, it seems the issue lies with the council.

Mr G attempted to have the outstanding debt paid off through the Direct Debit Guarantee but was told that his claim doesn't meet the criteria. I agree that this situation does not meet the criteria for a refund through the DDG. The DDG covers situations where an incorrect amount

has been taken, a payment has been taken in error or a payment has been taken on the wrong day.

Mr G feels that the criteria should cover his complaint, as an incorrect amount of £0 was processed instead of the correct payment. Unfortunately, this scenario isn't covered by the DDG. While I understand that Mr G is unhappy about this, we don't have the power to enforce changes to how the DDG works.

My final decision

I don't uphold this complaint

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 24 December 2024.

Sarah Green
Ombudsman