

The complaint

V, a limited company, complains Zempler Bank Limited charged it a failed direct debit fee despite money being available in the account. V is represented by Mr R, a director.

What happened

V had a direct debit due out on 29 October 2024, but it was returned. Zempler charged V £15 for returning the payment, and Mr R complained.

Mr R said there was sufficient money in the account to cover the payment, and Zempler didn't take direct debits until the afternoon.

Zempler responded to say there was only £28.38 in the account in the morning, and money had to be on the account by 9.30am to cover direct debits due on the day. Zempler said it had told Mr R this previously.

Zempler said it would only refund the £15 if it had made an error, and it didn't think it had. Zempler didn't agree to refund the £15, but accepted its staff member should have been able to find which direct debit was unpaid quicker than they did, and Zempler apologised for this.

Unhappy with this response, Mr R brought V's complaint to this service. An investigator looked into things but didn't think V's complaint should be upheld. The investigator said there wasn't enough money in V's account to cover the payment due out.

The investigator was satisfied Mr R had been told about the 9.30am cut off before, and overall Zempler was correct to charge the £15, so it didn't need to refund it.

Mr R disagreed and said Zempler hadn't been transparent when it said V didn't have enough money in the account. Mr R said there was always enough money on V's account.

Mr R said Zempler hadn't told him about the cut off and regardless he didn't need to know as he already knew every aspect of direct debits. And Mr R said the call centre couldn't see which direct debit had failed, so Zempler must have made a mistake.

Mr R asked for an ombudsman to decide things.

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 V's statements carefully, and I agree with Zempler and the investigator, I don't

think there was enough money in V's account to pay the direct debit.

On 29 October 2024 V appeared to have a credit balance of £182.18, but the statements also show payments made on 28 October which didn't debit until later. These payments total £155.80, leaving £26.38. There's a £2 payment which possibly wasn't authorised.

Mr R had made payments which hadn't debited, but Zempler knew they were due (except, perhaps, for the £2). Since Zempler knew money was due out, it would have reduced the available balance on B's account to reflect these authorised payments.

So, I think Zempler is right to say the available balance on 29 October 2024 was £28.38. The direct debit due was for £175.84, I don't think V had enough money in the account.

Mr R paid £100 into V's account on 29 October 2024, but this still wasn't enough to pay the direct debit. I don't think the 9.30am cut off, or payment of direct debits in the afternoon, made any difference here.

At best, it seems V's account was £128.38 in credit on 29 October 2024, still not enough to pay the direct debit.

I can't agree V always has enough money in its account, I don't think it had enough money on 29 October 2024 to pay the direct debit due.

Mr R's said the direct debit was paid on 6 November 2024, and this was when it was due. But I think it's more likely this was the beneficiary attempting the payment again.

Since I think the direct debit was due on 29 October 2024, and V didn't have enough money, I think Zempler was fair in charging £15. This charge is laid out in its terms, and I think Zempler's made a reasonable decision to charge in line with its terms and conditions.

And I think V knew when the direct debit was due, and Mr R had been told about cut offs and timings previously, as well as the charge for returned payments.

Mr R's previously complained about charges on V's account, and had at least five £15 charges refunded over the years. In March 2023 Mr R complained about three returned direct debits and Zempler's notes suggest Mr R was told about cut offs.

Zempler refunded the three charges as a gesture of goodwill, and I can see these refunds on V's statements.

And Mr R complained about a returned direct debit, to the same beneficiary, in September 2024. I think Mr R was fully aware when the direct debit was due and the need for enough money to be on V's account to avoid charges.

When Mr R contacted Zempler about the charge in October 2024, it seems the person he spoke to couldn't find which direct debit had been returned. But I think Mr R already knew, the same payment had returned unpaid the month before.

Zempler apologised in writing for this delay in finding which payment was returned, and I think an apology is enough to resolve this part of V's complaint.

And I think it's fair for Zempler to only refund the £15 charge if it's made a mistake. It seems V's received several gesture of goodwill refunds previously, so I think it's fair for Zempler to now say only errors on its part would mean V gets a refund.

I don't think Zempler made an error with the returned direct debit on 29 October 2024, so it follows I don't think Zempler needs to refund V for the charge it applied.

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 V to accept or reject my decision before 10 April 2025.

Chris Russ
Ombudsman