

The complaint

Mr C has complained that Santander UK Plc (“Santander”) did not uphold his Direct Debit indemnity claim.

What happened

Mr C had a Direct Debit set up to pay a mobile phone network provider. Mr C says that he cancelled the contract that the Direct Debit was paying for, in 2012. In 2024, Mr C noticed that the Direct Debit he thought had been cancelled was in fact still being taking money from his current account. Mr C says he didn’t notice the Direct Debit was still active as he has a number of other Direct Debits with the same network provider.

Because of this, Mr C made a Direct Debit indemnity claim with Santander. Santander didn’t uphold Mr C’s claim. Because of this Mr C raised a complaint with Santander.

Santander issued its final response to the complaint on 26 September 2024 and said that it hadn’t changed its decision regarding Mr C’s Direct Debit indemnity claim. But it did acknowledge that it had taken around three months to look into matters for Mr C. Because of this, Santander credited Mr C’s account with £150 for the distress and inconvenience caused by how long it took to investigate matters for Mr C.

Unhappy with Santander’s response to his complaint, Mr C referred his complaint to this service. One of our investigators assessed the complaint but they didn’t uphold it. In summary, they said that the evidence suggested that the matter was a contractual dispute between Mr C and the network provider. So they concluded that Santander’s decision to not uphold the indemnity claim was fair.

As Mr C didn’t accept the investigator’s assessment, the matter was referred for an ombudsman’s decision.

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 don’t uphold this complaint, broadly for the same reasons that the investigator gave. I will explain why.

Mr C has said that he cancelled the contract that the Direct Debit had been set up for in 2012. Mr C said he was told by the network provider not to cancel the Direct Debit early, otherwise he may be charged a fee to do so. So, Mr C says he relied on the network operator to cancel the Direct Debit when the underlying contract was cancelled, but says it never did so. And Mr C realised in 2024, that he was in fact still paying the Direct Debit.

Based on Mr C’s testimony, it seems that the Direct Debit was correctly set up and was taking the correct payments from Mr C’s account – at least initially. So, Mr C’s complaint

does not concern whether he had given his authority for the payments to be made in the first place, but that they should've been stopped in late 2012.

Looking at the evidence that Mr C and Santander have provided, it seems Santander only received an instruction to cancel the Direct Debit in 2024 – when Mr C realised it was active on his account - and not before then. Also, Mr C has not said or provided anything to suggest that the network provider had informed Santander in 2012 that the Direct Debit should be cancelled. So I can't reasonably say that Santander has acted incorrectly, unfairly or unreasonably in allowing the Direct Debit payments to be made from Mr C's account. As far as it was concerned, Mr C had authorised the payments to be made. And as Mr C had not questioned or challenged the Direct Debit payments over the 13 or so years they were being taken from his account, Santander clearly had no reason to question the validity of those payments.

However, I understand that Mr C would like to be reimbursed for the payments under the Direct Debit guarantee. But I can only reasonably ask Santander to do that if there was an error with the Direct Debit in question. I say this because there are limitations in terms of what the Direct Debit guarantee covers. The guarantee is generally set up to cover errors made in the processing of Direct Debit payments. It doesn't however, address contractual disputes between the payer and the billing organisation. For example, on the Direct Debit website (www.directdebit.co.uk), it explains that:

“The Direct Debit Guarantee applies to all Direct Debits. It protects you in the rare event that there is an error in the payment of your Direct Debit, for instance if a payment is taken on the incorrect date, or the wrong amount is collected. It cannot be used to address contractual disputes between you and the billing organisation.”

But, based on the evidence that I have been provided with, I can't see that there was an error with the Direct Debit here. It seems that Santander had received a Direct Debit mandate to authorise payments to be made to the Network Provider from Mr C's account. With the effective start date being 12 December 2011 and the payments continued to be taken - unchallenged by Mr C – up until 2024 when he cancelled it. And from everything I have seen, I can't reasonably say that the wrong amounts were taken or that they were taken on the wrong date.

Furthermore, Mr C has explained that he contacted the network provider to explain that he'd cancelled his contract with it in 2012 and asked that it refund him the money he's paid since then. But Mr C says the network provider has refused to refund him the payments he made for that contract. Therefore, not only is there a lack of evidence to show the payments shouldn't have been made when they were, but the evidence that is available clearly shows that Mr C's dispute about the Direct Debit payments is a contractual dispute between him and the network provider. And as outlined above, that is not something that the Direct Debit guarantee covers.

As a final point, Mr C says the network provider has refused to refund him for the payments as it believes they were correctly applied. So even if I were to conclude that Santander should've reimbursed Mr C for the Direct Debit payments (although to be clear, in the circumstances, I don't think it should've), this would likely result in the network provider pursuing Mr C for the outstanding amounts owed for payments spanning a 12-year period.

So, whilst I sympathise with Mr C if he has been paying for around 12 years for a contract he thought had been cancelled long ago, at the same time, I can't say that Santander's decision to decline his Direct Debit indemnity claim is unfair or unreasonable. So, for these reasons, I don't think it would be appropriate to say that Santander should reimburse Mr C for the Direct Debit payments that he has challenged.

Turning now to Santander's handling of matters, Santander acknowledged that it could've handled matters better. It acknowledged that Mr C felt that he'd been pushed from pillar to post and that it had not given him correct information. Santander acknowledged that it took over 3 months for it to resolve the complaint (by issuing its final response to the complaint). So it paid Mr C £150 compensation.

Having considered the inconvenience and frustration caused to Mr C by Santander's handling of this matter, I think the compensation that Santander paid Mr C was fair in the circumstances. And so, I don't think any further award is warranted. Because of this, I don't uphold this complaint.

I recognise that Mr C will be greatly disappointed by my decision. But I hope I have at least been able to explain the reasons why I can't find in his favour in his complaint.

My final decision

Because of the reasons given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 8 April 2025.

Thomas White
Ombudsman