DRN-5482884

The complaint

Ms H complains that Santander UK Plc refused to raise an indemnity claim under the Direct Debit Guarantee.

What happened

The details of this complaint are well known to both parties, so I won't repeat them here again in detail.

In summary, in December 2023 Ms H contacted Santander to raise a direct debit indemnity claim. She asked Santander to credit her account with the value of a number of direct debits that had been claimed from her account over several years by utility providers up until Ms H cancelled the direct debit instructions. She said that the payments had been taken incorrectly.

Due to the length of time the direct debits had been active on Ms H's account, Santander asked her to provide further information to show that a mistake had been made by the utility providers. As Ms H didn't provide the information Santander declined to process her claim.

Unhappy with the response, Ms H referred her complaint to our service. One of our investigators looked into it, but they didn't uphold Ms H's complaint. They didn't think Santander had acted unfairly in seeking evidence to support Ms H's claim given the amount of direct debit payments Ms H was claiming for and the time the direct debits had been active on Ms H's account.

Ms H didn't accept this. She said – in summary, that the direct debit guarantee didn't put the burden on the claimant to prove there had been an error and that the guarantee meant that Santander needed to reclaim the payments.

As Ms H didn't accept the investigator's outcome, her complaint has been passed to me to decide.

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've reached the same overall conclusions as the investigator. I can see Ms H feels strongly about this matter and will therefore be disappointed with my decision. So, I'll explain why.
It may be helpful if I explain that most direct debits are set up electronically by the originator (in this case the utility companies) via a system known as the Automated Direct Debit Instruction Service (AUDDIS). As such, the signed mandate is not held by the bank and so I wouldn't expect Santander to be able to provide this service a copy of it.

Because it's likely the direct debits were set up using an automated system, a direct debit guarantee forms part of the agreement when a customer agrees to making payments using this method. The terms and conditions of the direct debit guarantee say:

> *"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."*

In this case, I'm satisfied it's not in dispute that the utility companies claimed the direct debits on numerous occasions over a period of years before Ms H cancelled the direct debits. Had Ms H's direct debits been claimed on the wrong date or the wrong amount, I consider it reasonable that she would have raised this matter sooner than she did.

The direct debit guarantee enables account holders to receive an immediate refund from their bank in certain – but by no means all – circumstances. Most genuine errors in payments will usually come to light relatively quickly. Where that's the case, in most circumstances, I might expect a bank or building society to refund immediately.

But where several years have elapsed without the payments being challenged, as is the case here, I'm persuaded that Santander is not obliged to refund immediately and without question. I'm satisfied the details of the direct debit guarantee I've highlighted above set out that the entitlement to an immediate refund isn't guaranteed. It requires that an error is made in the payment of the direct debit.

Ms H hasn't provided any reasonable evidence that demonstrates that the payments she is now disputing were made in error. Ms H has more recently provided information on why she believes the payments may have been taken in error. But I'm not persuaded this shows that Santander should have refunded her under the direct debit guarantee.

Furthermore, I've considered the information provided by Ms H. Within the information provided I think Ms H is seeming to suggest that she is in dispute with the utility companies as they hadn't provided her with information or answers to her queries. So, I'm not persuaded I can rule out that Ms H's claim stems from a contractual dispute between her and the utility companies - something the direct debit guarantee doesn't cover.

Overall, based on what I've seen, I don't believe the fair way to resolve this dispute would be for me to simply require Santander to refund Ms H. So, I don't find Santander was wrong to decline Ms H's claim.

My final decision

For the reasons mentioned above, I don't uphold Ms H's complaint about Santander UK Plc.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms H to accept or reject my decision before 6 August 2025.

Jag Dhuphar
Ombudsman