

The complaint

Mr and Mrs C complain Bank of Scotland plc trading as Halifax won't refund them for a direct debit guarantee claim.

What happened

Mr C asked Halifax to refund him, under the direct debit guarantee, for council tax previously claimed by direct debit. Halifax said it wouldn't refund the payments.

Mr C complained and Halifax said it seemed this was a contractual dispute with the council, and this didn't fit the criteria for a successful claim. Halifax also said Mr C should have got in touch sooner as the payments stopped in 2023.

Halifax said it had provided some poor service and paid Mr C £50.

Unhappy with this response Mr C brought his complaint to this service, and sent in lots of information around why he thought the council had broken various pieces of guidance and legislation.

An investigator looked into things but didn't think Mr C's complaint should be upheld. The investigator thought the direct debit had been set up correctly and when Mr and Mrs C switched to Halifax they were asked to check the direct debits in place.

The investigator also thought Mr C's dispute was contractual with the council, and this didn't fit a direct debit guarantee claim.

Mr C disagreed and said another bank had refunded him, and Mr C sent in further notices he'd sent the council to show he didn't, and never did, owe it money. Unable to reach an agreement, the complaint was 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.

Mr C says there's no legal basis for paying his council tax. But it seems Mr and Mrs C agreed to pay their council tax at some point, and agreed to pay by direct debit.

Mr and Mrs C asked for a mandate to prove he agreed, but I think the fact they paid from 2020 to 2023, without querying this, shows they agreed to pay and pay by direct debit.

Most direct debits are set up by AUDDIS, so there's often no mandate at the bank. And, in Mr and Mrs C's case, it seems this direct debit was originally with another bank then switched to Halifax, so I wouldn't expect Halifax to hold a mandate.

The direct debit guarantee says: *The Guarantee applies to every single Direct Debit, protecting you just in case someone makes a mistake, like collecting your money on the*

wrong day or taking the wrong amount.

Mr C hasn't said the direct debits were collected on the wrong day or were more than the council told him they would be. Mr C says the council has no legal basis to make him pay.

I think this is a contractual dispute, and not a valid reason to claim under the direct debit guarantee.

Mr C says the council committed fraud, but this would be a criminal offence, not something I could decide.

Mr C's also said the direct debits weren't authorised. I think they were, but in any event Mr C hasn't reported these within 13 months, in line with the payment services regulations.

I accept another bank has refunded Mr C a previous claim, and for a lot longer time period than the payments made from Halifax. But I can't consider another bank's actions, I need to decide if I think Halifax has treated Mr and Mrs C fairly.

And in the specific circumstances of this complaint, I think Halifax has treated Mr and Mrs C fairly. Halifax declined to refund money paid out some time ago and directed Mr C to the council to make his claim there.

I think this is the right thing for Halifax to do, I think Mr C's complaint lies with the council if he feels payments he previously authorised are, now, not ones he feels he should have made.

Because of this I don't think Halifax needs to refund Mr and Mrs C their guarantee claim or do anything else to resolve their 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 Mr C and Mrs C to accept or reject my decision before 30 September 2025.

Chris Russ
Ombudsman