

The complaint

Mr E complains that Lloyds Bank PLC set up two direct debits on his account for the same company.

What happened

In June 2023 Mr E arranged health insurance through an insurance company, G. He commenced paying premiums under the policy until May 2024 when he discovered that two direct debits (reference numbers ending in 8 and 0 respectively) had been set up on his account by G. As I understand it Mr E cancelled the direct debit ending in 8. No payments have ever been taken under the direct debit ending in 0.

Mr E was concerned about possible fraud and said that the full company name for direct debit purposes didn't appear in his statements. He thought that Lloyds had made an error so it should repay the direct debits to him under the terms of the direct debit guarantee. He said that as a result his policy wasn't valid and he has suffered financial loss and has health issues which aren't covered.

Lloyds said it hadn't made an error and that the direct debits were set up automatically through the Automated Direct Debit Instruction Service (AUDDIS). As for the way G's name was shown, this was set up by G and is something that Lloyds couldn't change. It suggested that Mr E approached G.

On referral to the Financial Ombudsman Service, our Investigator said that they didn't think that Lloyds had made an error, as the payments went through as instructed.

Mr E didn't agree. He insisted that Lloyds should carry out an investigation as to why it set up two direct debits.

The matter has been passed to me for further review.

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.

Where the evidence is incomplete, as some of it is here, I have to make my decision based on what I think is most likely to have happened. I have a duty to be impartial so I have to assess both parties' evidence fairly.

As far as I can see from the evidence Lloyds has provided, both direct debits appear to have been set up at the same time. As we have explained to Mr E, most direct debits these days aren't usually set up using paper mandates. They are set up through AUDDIS. This means that Lloyds will have received the electronic instruction from G and then set up the direct debit. But it can only do this following an instruction. It appears that the direct debit ending in 0 is still active, but no payments have ever been taken under it. The direct debit ending in 8 has been cancelled.

I can't account for why two direct debits were set up. I appreciate that Mr E is concerned about possible fraud, but I've seen no evidence of that. He's shown us his original application that he made to G, and this reflects the direct debit payments that were made.

I think Lloyds has satisfactorily explained why the company name appears as it does on Mr E's statements

I understand that Mr E wants us to require Lloyds to carry out an investigation to explain why this happened. However, from what I've seen Lloyds has already done this. I don't think it's likely that it would have set up a direct debit without instructions from G. And as both direct debits appear to be set up in G's name I think it's likely that if there was an error in the setting up or a reason for this, that can only be addressed by G.

As the terms of the direct debit guarantee would only require action from Lloyds if it made an error then as I don't think it has done so in this case I won't require it to take any action. If Mr E is concerned that payments may start to be taken under the direct debit ending in 0, then he can ask Lloyds to delete that from its system.

I'm sorry that Mr E's lost access to cover under the policy. However, this would only have occurred if he stopped paying the direct debit. And from the evidence, it doesn't appear that Lloyds was responsible for this. Both our Investigator and Lloyds have suggested that Mr E approach G as it seems more likely to me that it, rather than Lloyds, can address his concerns.

My final decision

I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E to accept or reject my decision before 3 September 2025.

Ray Lawley
Ombudsman