

The complaint

Mr O complains that Nationwide Building Society did not provide him with a permanent refund of a payment, as it should have done under the direct debit indemnity scheme.

What happened

At the end of December 2024 Mr O took out an insurance policy. He chose to pay the premium by monthly instalments. To facilitate that arrangement, he entered into a 12-month credit agreement with a business which I'll call "P".

P wrote to Mr O on 30 December 2024. Its letter included:

What you need to know

If we don't receive a completed Credit Agreement by 22 January 2025, you'll be charged £25.00 to cover the costs we incur reminding you. If you no longer wish to make monthly payments, please contact us.

You have the right to withdraw from your Credit Agreement within 14 days which starts the day after the date of this letter. If you wish to withdraw from your Credit Agreement, please contact us.

Your repayments

Your first Direct Debit payment of £76.67 is already due and will be collected on or just after 8th January 2025.

Mr O's account statement shows that a direct debit payment was taken in line with P's letter on 8 January 2025, that it was returned on 22 January and re-debited on 6 February 2025.

Mr O says he cancelled the insurance policy and the credit agreement linked to it within the 14-day cooling-off period. He contacted Nationwide seeking the return of the payment made on 8 January. Nationwide applied a temporary credit but reversed that when, it says, it was satisfied that the payment had not been taken in error.

Mr O referred the matter to this service, where one of our investigators considered what had happened. He noted that P had told Mr O that payment would be taken on or about 8 January and that payment had been taken in line with that notification. Mr O had given authority for the payment to be made. He did not recommend that Mr O's complaint be upheld. Mr O asked that an ombudsman review the case.

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, however, I've reached the same overall conclusions as the investigator did, and for broadly the same reasons.

First, Mr O's account statements show that only one monthly payment was made. It was credited back the account before being debited on 6 February. No further payments were made to P, so I am satisfied that Nationwide acted on Mr O's instruction to cancel the direct debit.

Like the investigator, I accept that Mr O did, as he says, cancel the insurance policy and credit agreement within the 14-day cooling-off period. But I also think it likely that, by the time he did so, P's request for the first payment was already being processed. (Account providers generally advise that a request to cancel a direct debit payment may not be effective if payment is due within a few days.)

Whilst the direct debit indemnity provides customers with a degree of protection where direct debit payments are not properly authorised, are not taken in line with the customer's instructions, or where the proper process has not been followed, it does not give customers an absolute right to a refund in all cases.

Here, I am satisfied that the correct process was followed and there was a valid mandate in place when the payment was taken. I don't believe Nationwide acted in error. That is not to say, however, that P was entitled to payment, and I make no comment on that. But, if Mr O believes he is entitled to a refund, that is something he will need to take up with P.

My final decision

For these reasons, my final decision is that I do not uphold Mr O's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 2 October 2025.

Mike Ingram
Ombudsman