

## **The complaint**

Mr G complains that Starling Bank Limited didn't refund him money paid under a direct debit, using the Direct Debit Guarantee.

## **What happened**

Mr G's energy supplier debited his Starling account with £269.07 via a direct debit. Mr G told Starling that the payment should not have been taken as it was more than what he usually paid each month. And he asked it to refund the payment under the Direct Debit Guarantee.

Starling said Mr G needed to obtain evidence that the amount had been collected in error before it could evoke the Direct Debit Guarantee. Although Mr G didn't agree he needed to do this, he provided a copy of his energy bill. As the bill gave advance notice that £269.07 was due to be taken, Starling didn't refund Mr G or raise a Direct Debit Indemnity Claim.

Mr G complained. But Starling didn't think it had done anything wrong or treated Mr G unfairly. So, Mr G referred the complaint to this service. He said that his account with Starling was now overdrawn because the direct debit payment hadn't been refunded under the Direct Debit Guarantee as he thought it should have been.

One of our investigators looked into Mr G's complaint but she didn't uphold it. She acknowledged that Starling could have refunded the direct debit payment. But she said Starling would have always had to debit his account again. So, she didn't think a temporary refund would have altered Mr G's position.

Mr G didn't agree, he said:

- The Direct Debit Guarantee provides an unqualified right to an immediate refund as outlined in guidance from the FCA and BACS.
- The investigator's interpretation negates the Guarantee's fundamental purpose to protect consumers from unexpected or unexplained debits from a third party.
- His position was materially impacted as his account went overdrawn and he's had to pursue the matter.

He asked for the complaint to be escalated to an Ombudsman. So, the 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, while I'm sorry to disappoint Mr G as I can see he feels strongly about this matter, I've reached the same overall conclusion as the investigator. But I will add more context.

A Direct Debit is an instruction from a customer (Mr G) to their payment service provider (Starling) authorising an organisation/biller (Mr G's energy provider) to collect varying amounts from their account, as long as the customer has been given advance notice of the collection amounts and dates.

So, while Mr G's usual monthly direct debit payment to his energy provider was around £100, he'd given his energy provider authority to vary the amount so long as he was provided with advance notice.

The Direct Debit payment in dispute was debited to Mr G's Starling account on 22 April 2025. And I've seen that the energy provider sent him a bill dated 6 April 2025. And I find the bill clearly sets out that it intended to debit Mr G's account with £269.07.

Mr G hasn't disputed any of this. But he says that, under the Direct Debit Guarantee, Starling was required to give him an immediate refund. However, I don't agree with Mr G's interpretation of the guarantee.

The purpose of the Guarantee is to protect customers if there's been an administration error with their payment. The error might be made by the bank/building society (Starling), or by the organisation that collected the payment (Mr G's energy provider).

Most commonly, a payment error might occur because – for example, the payment date, amount, or frequency has been changed without the proper notice. But the Guarantee isn't intended to deal with all contractual disputes between customers and the biller. And it doesn't mean a customer will automatically get their money back simply by saying an error was made.

Mr G says that Starling was wrong to ask him for evidence of an error. But I don't find Starling did anything wrong here. I find it was trying to establish if it had valid grounds to apply the Guarantee. And I don't think that was an unreasonable approach for it to take.

I can appreciate why Mr G thought something had gone wrong – his bill was for more than he usually paid each month. But as mentioned above, the direct debit mandate he agreed to when he entered the contract with his energy provider allowed it to vary the amount. And I've seen it provided him with advance notice of the varied payment amount, and it was collected on the correct date. As such, I don't find that there was an error which meant that Starling was required to give Mr G an immediate refund and start an indemnity claim.

Mr G may think that his energy provider calculated his bill incorrectly. But that would be a dispute between him and the energy provider. But such disputes are not covered under the Direct Debit Guarantee. That would be a matter for Mr G to take up with his energy provider.

Overall, I haven't seen anything that would make me think that Starling has done anything wrong or treated Mr G unfairly.

### **My final decision**

For the reasons given above, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 11 September 2025.

Sandra Greene  
**Ombudsman**