

The complaint

Mr K complains that Bank of Scotland plc (“Halifax”) failed to refund transactions that were taken by direct debit in error.

What happened

Mr K reported that in early 2022, he joined a gym and arranged for monthly membership fees to be paid by direct debit. He said that during the “cooling off” period, he went to the gym and told them he was cancelling his membership. He reported sending them an email to confirm his intention to close his membership. Mr K provided a copy of that email to the gym confirming his cancellation.

Mr K said he didn’t receive any confirmation or response from the gym. The direct debits continued to be taken every month and sometime after, the gym changed its name (reflected in the name on the direct debit). Mr K said he had a number of direct debits leaving his account and didn’t notice the one for the gym until early 2025 when the name changed back to the original one for the gym.

Mr K asked Halifax to refund those transactions taken by the gym. Halifax were able to process claims related to the two payments taken most recently but were unable to refund those transactions taken over the previous few years. Mr K received a small refund in February 2025.

Mr K complained to Halifax about the remaining payments, where the matter was investigated. Halifax didn’t change their position, advising Mr K that they couldn’t use the direct debit guarantee scheme for payments that had been leaving his account for 34 months without issue.

Mr K remained unhappy with Halifax’s investigation, so he brought his complaint to the Financial Ombudsman Service for an independent review. An investigator looked into what had happened and gathered information from both parties.

Mr K confirmed his version of events and Halifax provided copies of their records and their conclusions about the claim. Halifax said they were unable to consider Mr K’s claim, essentially arguing that they weren’t able to accept the claim under the guarantee rules.

After reviewing the evidence, the investigator didn’t think that Halifax had acted unfairly. Their comments are summarised as:

- By setting up the direct debit, Mr K authorised the payments to be taken from his account.
- No confirmation of the cancellation was received by Mr K.
- There was no evidence of any payment errors.
- Mr K didn’t review his own statements to review his outgoing payments.

- The guarantee scheme isn't designed to deal with contract disagreements.

Mr K disagreed with the investigator's outcome and asked for a further review of his complaint.

Mr K argued that he'd cancelled the payment with the gym and hadn't gone to Halifax at the time, as he believed it would negatively effect his credit.

As no agreement could be reached, the complaint has now been passed to me for a decision.

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 K's payments were set up as a direct debit, essentially giving his permission for payments to be taken based on the arrangement he had with the gym. Halifax then make those payments to the gym on behalf of Mr K.

By setting up a direct debit, this provided Mr K's authorisation for the payments to be made. So, for the purposes of the relevant regulations (Payment service Regulations 2017- PSRs), those payments taken by the direct debit were considered authorised.

There's also a direct debit guarantee scheme which covers such payments. The scheme has rules and Halifax have argued they couldn't use that scheme to process refunds for Mr K.

Having now reviewed the evidence here, emphasis has been put on Mr K's lack of attention to his account and the length of time he took to notice those payments. I haven't put much weight on this argument because I don't want to give the impression that Mr K is to blame here by the way he manages his account.

What is central to this issue is the attempt by Mr K to cancel his membership (and thus the direct debit) back in early 2022. He's provided a copy of an email he sent to the gym which clearly shows his intention to cancel his membership. Unfortunately here, that same notice to cancel was never advised to Halifax.

I understand Mr K was concerned his credit worthiness would've been impacted if he'd cancelled it with his bank. I don't quite understand the point he was making here as his argument was that he did give notice to cancel it (even if this was with the gym), so the effect would've been the same.

It's the case that both the PSRs and the direct debit scheme require the cancellation of the direct debit to be notified to the bank.

The direct debit guarantee scheme says:

- *You can cancel a Direct Debit at any time by simply contacting your bank or building society. Written confirmation may be required. Please also notify the organisation.*

The PSRs say, in respect of consent and withdrawal of consent S 67 (4):

- *Subject to regulation 83(3) to (5), the payer may withdraw its consent to the execution of a series of payment transactions at any time with the effect that any future payment transactions are not regarded as authorised for the purposes of this*

Part.

Revocation of a payment order S 83 goes on to say:

- *(5) ... the payment order may only be revoked if the revocation is—*
- *(a) agreed between the payment service user and the relevant payment service provider or providers; and*
- *(b) in the case of a payment transaction initiated by or through the payee, including in the case of a direct debit, also agreed with the payee.*

So, what the regulations and the scheme require for the direct debit to be cancelled is notice to be given to Halifax as well as the merchant. That didn't happen until Mr K got in touch with them in February 2025 when the direct debit was cancelled by Halifax.

So, as far as Halifax were concerned, the direct debit hadn't been cancelled, which meant the payments continued to leave the account.

I'm sorry to have to be the bearer of bad news to Mr K, but I don't think it would be a fair or reasonable to ask Halifax to make the refund for those payments he's disputed because as far as Halifax were aware, they were authorised.

My final decision

My final decision is that I do not uphold this complaint.

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

David Perry
Ombudsman