

## **The complaint**

Mr S complains Bank of Scotland plc won't refund a direct debit payment taken from his account which he says he did not authorise.

## **What happened**

On 20 March 2025, a direct debit payment of £54 to a lottery company debited Mr S' account. He reported this as fraudulent to Bank of Scotland on 24 March 2025.

Bank of Scotland looked into the transaction. It said it wouldn't refund it because having spoken to Mr S, he'd told them he did set up the direct debit and changed his mind later and didn't want to continue with it. Following a complaint, Bank of Scotland still refused to refund the transaction. So Mr S referred his complaint to our service.

An Investigator considered the circumstances. He said, in summary, the evidence suggested Mr S had provided his bank details to the lottery company and had said to Bank of Scotland he did initially set up the direct debit, but later changed his mind. So the Investigator didn't think it was unfair for Bank of Scotland not to refund the transaction.

Mr S didn't accept the Investigator's findings. He said the lottery company had not told him when the payment was going to be taken.

As Mr S didn't accept the Investigator's findings. The complaint was passed to me to decide.

I issued a provisional decision. I've set out my findings again below and they form part of this decision.

## **Provisional findings**

*I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.*

*Under the Payment Services Regulations 2017 ("PSRs"), generally, Bank of Scotland can hold Mr S liable for transactions which the evidence suggests he made or authorised.*

*I've listened to the telephone calls Mr S made to Bank of Scotland on 24 March 2025. In both, Mr S says that he did agree to the direct debit being set up "on certain conditions" being met. And based on what I've seen, it's unclear to me how else the lottery company could have obtained Mr S' details in order to set up the direct debit if he hadn't given them. So, in these circumstances, it seems the direct debit was authorised by Mr S initially.*

*Mr S also says that he wasn't notified by the lottery company when the payment was going to be taken.*

*The direct debit guarantee is designed to protect customers from having payments wrongly taken from their accounts. If an error is made when taking the direct debits, customers are entitled to a full and immediate refund of the amount that's been debited from their bank. But*

*this doesn't affect the rights and obligations of the parties under the original contract and doesn't apply in all circumstances – including where there's a contractual dispute.*

*We asked Mr S to provide copies of any correspondence he received from the lottery company, he said he didn't receive anything. But in the call with Bank of Scotland where Mr S raised the issue, he told them he had destroyed the paperwork he'd received from the lottery company. He also told Bank of Scotland that the lottery company had told him that to avoid being charged he should've cancelled the direct debit within three weeks.*

*So it sounds like Mr S signed up for some sort of trial with the lottery company, which was initially free but later became chargeable. And while I sympathise with Mr S if the lottery company didn't make things clear, he hasn't been able to provide anything to substantiate what he's said about the lottery company not telling him when the direct debit would be taken. And having listened to the calls he had with Bank of Scotland, it's clear that he had already contacted the lottery company and was in dispute with them when he asked Bank of Scotland to raise a direct debit indemnity.*

*Bank of Scotland has provided evidence that their guidance in these circumstances would be not to process a direct debit indemnity, and I don't think that's unreasonable.*

*So I don't think Bank of Scotland has treated Mr S unfairly in the circumstances of this complaint.*

### **Responses to my provisional decision**

Mr S responded to my provisional decision to say the bank should have told him when the lottery company set up the direct debit.

Bank of Scotland said it had nothing further to add.

### **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 S has now said Bank of Scotland should have contacted him when the direct debit was set up. But as I explained in my provisional findings, I've found Mr S told Bank of Scotland he had set up the direct debit during one of his phone calls with the bank. And, in any event, I don't think Bank of Scotland were obliged to notify Mr S of the direct debit being set up.

So my findings remain that Mr S authorised the direct debit and, overall, Bank of Scotland haven't treated him unfairly in the circumstances.

### **My final decision**

For the reasons I've explained, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 21 October 2025.

Eleanor Rippengale  
**Ombudsman**