

The complaint

T complains that NATIONAL WESTMINSTER BANK PUBLIC LIMITED COMPANY (NatWest) hasn't treated it fairly by refusing to raise a claim under the Direct Debit Guarantee.

T is represented by its director, who I'll refer to as Mr H.

What happened

T has a credit card with a third-party provider. Since 2016 - 2022 direct debit payments have been taken from T's NatWest account to pay toward the credit card balance.

Mr H on behalf of T made a Direct Debit Indemnity Claim (DDIC) to NatWest stating the payments were unauthorised as they were taken without a direct debit mandate in place.

NatWest considered Mr H's claim against the scheme rules but decided not to raise the claim or pursue it further.

Mr H complained. NatWest reviewed its decision not to raise the DDIC but didn't think it had done anything wrong. They thought it was most likely that Mr H had provided the third-party credit card provider with T's NatWest bank details over the telephone and as such that's why there was no evidence of a direct debit mandate, or wet signature.

Mr H remained unhappy and brought his complaint to this service. One of our Investigators considered the matter but in summary they didn't think NatWest had done anything wrong. They thought Mr H should've noticed sooner that there was a problem with the direct debit – especially given the time that elapsed since it started and the amount taken each month. They also thought it most likely that a direct debit mandate was agreed, but due to the passage of time, potentially the credit card provider no longer had evidence of it. Overall, they were satisfied with NatWest's decision to not raise the DDIC.

Mr H disagreed and asked for the case to be considered by an ombudsman.

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, I don't consider NatWest has acted unfairly to T by not taking its claim any further. I'll explain why.

The Direct Debit Guarantee applies to all direct debits. It enables account holders to receive an immediate refund from their bank in certain – but by no means all – circumstances. It protects a customer in the rare event that there is an error in the payment of their direct debit, for instance if a payment is taken on the incorrect date, or the wrong amount is collected. But it cannot be used to address contractual disputes between a customer and the billing organisation.

I'd expect a genuine error with a payment to come to light relatively quickly. Where that's the case, in most circumstances, I might expect a bank or building society to refund immediately. But where several years have elapsed without the payments being challenged, as is the case here, I can understand why NatWest were concerned about the validity of the claim and wanted to ask further questions.

I'm satisfied the details of the Direct Debit Guarantee set out that the entitlement to an immediate refund isn't absolute. The Direct Debit Guarantee makes it clear that a full and immediate refund of the amount paid is only if an error is made. Mr H has said that there is no direct debit mandate and as such the direct debits were unauthorised. He has provided evidence from T's credit card provider which states that they haven't been able to locate the direct debit mandate. He says this is an error, and T is entitled to a full refund.

But I don't think this is an error, I think it's more likely than not that the credit card provider either no longer holds the direct debit mandate because of the passage of time that's passed, or it was taken in a different format – for instance over the telephone. I say this because, I cannot reasonably understand how else the credit card provider would've been given T's bank account details to set up the direct debit.

I'm not persuaded NatWest was obliged to refund immediately without deciding if the claim was valid and without asking further questions. Doing so could have created potentially serious problems for T if the credit card provider started to pursue recovery of the money.

Given that the disagreement seems to be between the credit card provider and T, I don't think it was unreasonable for NatWest to decline to raise the DDIC – as it appears to be a contractual dispute, more so than an error. This is in line and consistent with the Direct Debit Guarantee and means I don't require NatWest to do anything further in the circumstances.

My final decision

For the reasons I've explained above, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask T to accept or reject my decision before 20 February 2026.

Rachel Killian
Ombudsman