

## **The complaint**

Mr E complains that HSBC UK Bank Plc trading as first direct refuse to initiate a direct debit indemnity claim for council tax payments made.

## **What happened**

Mr E has grave concerns over the use to which his council tax payments have been put. He wrote to his council requesting specific details of how his money has been used and commented that he believed some of his funds have been used for unlawful purposes. The council responded to Mr E but he remained dissatisfied.

Mr E approached first direct in February 2025 and asked it to refund all historic payments to his council under the direct debit indemnity scheme. First direct didn't do this. And so, Mr E submitted a complaint about how first direct had handled his request for a refund.

First direct sent a final response to Mr E's complaint on 26 March 2025. It rejected Mr E's complaint. It said the scenario which Mr E was trying to claim the refund for wasn't covered by the Direct Debit Indemnity (DDI) scheme. So, it wouldn't be refunding the payments which Mr E disputed, but it did offer £50 as a goodwill gesture for Mr E's distress and inconvenience. Mr E remained unhappy and referred his complaint to this service where an investigator considered it.

In their written view, sent on 28 May 2025, our investigator didn't uphold Mr E's complaint and said first direct didn't have to do anything further. They said the direct debit guarantee wasn't designed to cover contractual disputes and that as Mr E had received advance notice from the council of the date and amount of monies to be claimed, first direct were correct in not proceeding with the DDI claim.

Mr E disagreed and asked for an ombudsman to give a final determination. He set out in some detail why he disagreed and asked that all his objections be considered. 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.

I accept this will come as a disappointment to Mr E, but I won't be upholding his complaint.

Mr E has asked that all his arguments are considered. And I've done that. But I won't be commenting on each of them. The Financial Ombudsman Service is an informal dispute resolution service. Which means that we deal with the crux of a complaint to determine if the business has acted fairly and reasonably. That includes reference to the law and good industry practice.

So, I'll be dealing with what I see to be the main issue at stake – first direct's refusal to request a refund of Mr E's council tax payments. I've considered those arguments Mr E has put forward which relate to first direct. But his underlying argument about the validity of his council's requests for council tax doesn't fall within my jurisdiction and so won't be commented on. It seems to me that Mr E's request for a refund is based on the premise that his council's request for council tax is unlawful. Because of the use that money may potentially have been put to.

I don't have the power or the jurisdiction to make any comment on that. Neither does first direct. So, it seems to me that Mr E is asking first direct to claim a refund based on his decision about the lawfulness of the claiming of council tax. I would suggest that if Mr E wants to pursue this point, he would be better taking it through the courts.

I've considered the purpose of the direct debit guarantee, as did our investigator. It says, in full:

### ***The Guarantee***

- *The Guarantee is offered by all banks and building societies that accept instructions to pay Direct Debits*
- *If there are any changes to the amount, date or frequency of your Direct Debit the organisation will notify you (normally 10 working days) in advance of your account being debited or as otherwise agreed. If you request the organisation to collect a payment, confirmation of the amount and date will be given to you at the time of the request*
- *If an error is made in the payment of your Direct Debit, by the organisation or your bank or building society, you are entitled to a full and immediate refund of the amount paid from your bank or building society*
  - *If you receive a refund you are not entitled to, you must pay it back when the organisation asks you to*
- *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.*

So, the guarantee says the customer is entitled to a full and immediate refund if an error is made by the organisation or bank/building society.

The key question here then is, has there been an error in the collection or payment of the direct debit? I don't think there has.

From all that I've read, Mr E hasn't asked first direct to cancel the direct debit mandate. If he'd done so, and first direct had continued to pay it, then an error would've been made. But there's been no request to cancel.

Mr E set up the direct debit for payment of his council tax several years ago, and payments have been made under that mandate since. If there was any possibility that Mr E hadn't set up the instruction or the amounts it was claiming were wrong, I'd have expected a dispute to have been raised much earlier. I don't believe the direct debit guarantee scheme is designed to address challenges relating to historic payments.

I've seen no evidence to suggest that Mr E hasn't been supplied with details of how much payments would be claimed for or when those payments would be taken from his account. And first direct has allowed claims to be made in accordance with the schedule of payments Mr E was sent. So, I don't believe that there has been an error in either the claiming or debiting of the payments from Mr E's account.

I consider that the underlying issue is a contractual dispute between Mr E and his council and that the direct debit guarantee isn't set up to resolve that nature of dispute.

It follows from what I've said that I don't believe first direct has treated Mr E unfairly or unreasonably and I don't require it to do anything further in respect of this complaint.

### **My final decision**

For the reasons given above, 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 E to accept or reject my decision before 27 October 2025.

Stephen Farmer  
**Ombudsman**