

The complaint

Miss M complains about how Bank of Scotland plc trading as Halifax dealt with a Direct Debit dispute.

What happened

Miss M says her energy provider, a business I will call "S", took £2,000 from her Halifax account via a direct debit in May 2025. She says an indemnity claim was raised under the Direct Debit Guarantee (DDG) and Halifax refunded the money. Miss M says that the money was taken out of her account by Halifax in early June 2025 which caused her significant financial hardship as well as distress.

Halifax says it received information from S that it had told Miss M it was taking the £2,000 from her account and that there was a payment arrangement in place. It says it correctly credited the money but had no choice but to debit it from Miss M's account when it concluded there was no error and the DDG didn't apply.

Miss M brought her complaint to us and our investigator upheld it. The investigator thought Miss M did have evidence from S that it made a mistake. The investigator recommended Halifax pay £300 compensation for the distress and inconvenience caused as well as refund any overdraft fees.

Halifax does not appear to have responded to that view.

Miss M says the compensation doesn't go far enough and the mistake caused a financial crisis with her being unable to feed her family. She says S did refund the money at the end of July 2025.

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 have come to the overall decision that I uphold this complaint but consider the proposed compensation amount of £300 fair and reasonable for the reasons I will explain.

I am satisfied that the DDG applied here as it ought to have been crystal clear that a mistake had been made by S. The DDG says that a customer is entitled to a full refund where there has been a mistake. I think it ought to have been obvious to Halifax that a mistake had taken place as it highly unlikely Miss M's direct debit to S could have gone from relatively low amounts to £2,000 a month. I am also satisfied that Miss M told Halifax she had evidence from S that agreed it had made a mistake. And, as far as I can see from Halifax's records, the only document it appears to have from S was the incorrect letter from it telling Miss M it was taking £2,000 by direct debit. I can't see any evidence Halifax spoke to S or clarified if a mistake had or had not been made, which are steps I would have expected it to have taken here.

So, I am satisfied that Halifax should not have reversed the credit to Miss M's account until the position had been completely resolved and it follows that I find Halifax did not follow the DDG as it is obliged to do. I also think such a decision would cause Miss M financial problems which Halifax ought to have known about as it had her account information.

I have no doubt Miss M was caused a significant level of distress and inconvenience and incurred overdraft fees as a result. I have looked at Miss M's bank statements and can see there are two credits for £999 on 3 July 2025 which appear to have been made by S. I appreciate Miss M says she received a cheque for £2,000 from S at the end of July 2025 but I can't see any evidence of that on her account statements. So, I think it likely Miss M was without the money for about a month and can see that Miss M was able to continue to use her account and make purchases during that time.

I don't think Miss M suffered any direct financial loss as a result of what took place save the overdraft fees and think that £300 compensation is appropriate for what took place as well as the time it took to resolve matters. I find such an award in line with the amount and type of awards we normally award for mistakes such as this. I appreciate Miss M will be disappointed by my decision.

Putting things right

Halifax should refund any overdraft fees or charges following what took place and pay Miss M £300 compensation.

My final decision

My final decision is that I uphold this complaint and order Bank of Scotland plc trading as Halifax to pay Miss M £300 compensation and refund any fees incurred as a result of what took place.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M to accept or reject my decision before 3 December 2025.

David Singh
Ombudsman