

The complaint

Mrs B and Mrs B complain about how Lloyds Bank PLC has dealt with their refund request for Direct Debit payments.

What happened

Mrs B says a business I will call "V" took over £10,000 from her account via a Direct Debit from 2013. She says she asked Lloyds for a refund under the Direct Debit Guarantee (DDG) as neither Lloyds or V could provide the original signed contract or valid Direct Debit mandate. Mrs B says initially Lloyds told her it could not find a record of payments, but she was able to provide account statements. She says under the DDG she is entitled to a full refund as the issue is not if she owed the debt but if a correct mandate can be provided. She also says the money should be refunded and compensation of £750 paid.

Lloyds says it initially couldn't find details of the payments due to the passage of time and suggested Mrs B contact the merchant which is V. It says Mrs B gave it conflicting information and that she said that "V ...the service they provided was never provided with integrity" which suggests an awareness of the business and what the payments were for. Lloyds accepts there was a delay in responding and has paid £25 compensation and will offer a further £40 making a total of £65 for that part of the complaint.

Mrs B and Mrs B brought the complaint to us and our investigator didn't uphold it. The investigator explained what the DDG was for and thought this complaint was not covered by it. The investigator thought Mrs B had provided conflicting information to Lloyds and it was entitled to ask questions of the claim. The investigator thought the compensation offer appropriate.

Mrs B doesn't accept that view and says the burden is on Lloyds to prove the DD's were authorised and provide the original mandate. She says this was not a contractual dispute and does not recall signing a mandate. And that this complaint is not about if a debt was owed but if the money could be taken without the mandate.

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 conclusion that I don't uphold this complaint.

The DDG is designed to deal with mistakes, for example where an incorrect amount is taken by DD or on the wrong date. If there is an error, then a customer is entitled to a refund but of course there still remains in most cases, a contract which would mean money is still owed. The DDG is not designed to deal with contractual disputes.

I have looked carefully at Mrs B's account statements and can see that payments were made to V for some time which amounted to on occasions over £300 a month. I can also see that Mrs B told us that V may have provided debt assistance and that her complaint was not

about a debt being owed. So, I think on balance that Mrs B did owe a debt to V and that it ought to have been obvious to her that a large proportion of her account balance was deducted every month to V. I also think that Mrs B was aware of the payments, but her complaint is about the original mandate not being provided.

I am satisfied that in those circumstances Lloyds was entitled to conclude that the DDG did not apply. I can see that Mrs B gave Lloyds conflicting information, such as saying the payments were in error, taken by mistake but also saying, as I have noted, there was no integrity in the service. I think that suggests a contractual dispute which the DDG does not cover. And that Mrs B must have been aware of the agreement she had with V and that she received a refund from V which again provides evidence of an agreement between them. I don't accept as Mrs B says that Lloyds questions were unclear.

I appreciate Mrs B says the original mandate must be provided otherwise an immediate refund is due and that the burden is on Lloyds to provide it. I disagree with Mrs B's view and don't think it unreasonable for Lloyds not to be able to find a mandate from around 2013 which was 12 years before she brought the complaint. I also make clear that it's established practice that an electronic agreement is often used to set up a DD. The important point is that there is an agreement and I have made clear that I am satisfied that there was an agreement here and not for example a direct debit incorrectly set up. It follows that even if the direct debit payments were refunded then a debt would still exist.

There is no dispute that Lloyds didn't deal appropriately with the complaint when first raised but I am satisfied it has fairly apologised and offered a fair and reasonable compensation offer in total of £65. I appreciate that is not the main part of this complaint and of course it's up to Mrs B to decide if she wishes to accept it.

Overall, I find on balance Mrs B entered into an agreement with V and would have been aware of the payments made over many years. I am satisfied in these circumstances that Lloyds was fully entitled to conclude the DDG did not apply here and that the DD payments were authorised and should not be refunded.

Putting things right

Lloyds has fairly offered a total of £65 compensation which it should pay Mrs B if she accepts this decision less the payment of £25 previously made.

My final decision

My final decision is that I don't uphold the main part of the complaint and find that Lloyds Bank PLC has made a fair and reasonable compensation offer of £65 for the incorrect information given at the start of the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B and Mrs B to accept or reject my decision before 25 February 2026.

David Singh
Ombudsman