

The complaint

J complains that Lloyds Bank PLC has not refunded direct debit payments.

What happened

Ms H on behalf of J says that Lloyds has refused to refund payments that have been incorrectly taken from J's account. She says that she has a "running dispute" with a company over services it has provided. Ms H accepts there was a contract with this company but disputes the amounts taken and says J didn't receive invoices. J would like the money refunded.

Lloyds says it initially refunded the money which is just over £3,700. It says the merchant provided evidence of an agreement as well as invoices. Lloyds says the Direct Debit Guarantee (DDG) does not cover contractual or legal disputes which this clearly was.

Ms H brought this complaint to us and our investigator didn't uphold it. The investigator thought this was a dispute not covered by the DDG.

Ms H on behalf of J doesn't accept that view and has provided evidence of the dispute with the company. She says she tried to resolve the issues with it.

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 protect consumers against mistakes, for example where a mistake is made about the amount taken. The DDG does not cover contractual or legal disputes.

I am satisfied that having looked at the evidence provided by both sides that J entered into a contract with the company. I can see that Ms H has told us on more than one occasion that she had a dispute with this business. So, I am satisfied that this is a clear dispute between J and the company. It follows that I don't think Lloyds made a mistake or acted unfairly by concluding that the DDG did not cover complaints of this type.

I appreciate Ms H says the amounts taken were incorrect, but I can also see that the company disputes this. So, I don't think this is a case for example where a mistake was made in the amount of the direct debit. But a fundamental dispute between J and the business about the nature of the agreement as well as the type of services provided. For the reasons I have explained, I am satisfied that is a contractual dispute outside the scope of the DDG.

In those circumstances I can't fairly direct Lloyds to refund the money under the DDG. I make clear that I don't think it matters if the invoices were sent or not as that is not the issue here.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask J to accept or reject my decision before 21 February 2026.

David Singh
Ombudsman