

The complaint

Mr S complains that TSB Bank plc (“TSB”) categorised his Direct Debit Indemnity Claim (“DDIC”) incorrectly and refused to process this when loan payments were taken from his bank account without proper advance notice being given.

What happened

In September 2025 Mr S raised a DDIC regarding loan payments being collected from his account stating they’d been collected without providing the required advance notice of the amount and collection date.

TSB rejected Mr S’s claim as given the value of each payment and the length of time the payments had been leaving Mr S’s account it wasn’t certain that an error had taken place in the collection of Mr S’s payments and advised Mr S to reach out to the loan company or provide evidence confirming that an error had been made in the collection of the direct debit’s (“DD”).

Mr S raised a complaint with TSB about this as he says the purpose of the DDIC is to allow the originator to dispute a claim if they believe it to be incorrect and it is not TSB’s role to adjudicate its validity prior to submission and that the DD guarantee requires the refund to be made immediately once a breach is identified.

TSB explained that it is able to investigate a DDIC in order to satisfy itself that an error has taken place in the collection of payments.

TSB acknowledged it had been incorrect initially in its understanding of the reasons why Mr S raised the DDIC, but that it hadn’t made a mistake in declining it. In investigating the DDIC TSB had satisfied itself that an error hadn’t been made as it had been provided with a welcome letter and a copy of the loan agreement dated 3 August 2022 signed electronically with Mr S’s typed name on it, and confirmation of his direct debit instruction and payment schedule including future regular monthly payments of £396 being taken on the 17th of each month. Furthermore, Mr S’s statements showed payments had been collected from his account in-line with this.

Mr S was unhappy with this and so brought his complaint to this service. Mr S says TSB miscategorised his DDIC as the issue wasn’t about the amounts or dates of the payments being wrong, but rather he was never given notice of either of these things in breach of the DD guarantee.

Mr S says he never received the loan agreement forms and has provided a screenshot from his account with the loan company showing no loan agreement accessible online as evidence of this.

One of our investigators looked into his concerns but didn’t think TSB had treated him unfairly and explained TSB were not required to give monthly advance notice of Mr S’s payments as this was given by the loan company. They were satisfied Mr S had signed a loan agreement detailing the monthly DD payments in advance and that an email was also

sent confirming that the loan amount would be paid to Mr S along with a link to the agreement for Mr S to review and asking that he contact the loan company if any of the details were incorrect.

And as there were no changes to the direct debit payments and they were all taken correctly as per the loan agreement signed by Mr S, they didn't think TSB had acted unreasonably and didn't think it needed to do anything more.

Mr S disagreed and disputes he was ever provided with or viewed a loan agreement or received any letters or emails in this regard. Mr S confirmed he'd seen a copy of the loan agreement TSB sent to him, but says it's not signed by him electronically as the typed name includes "Mr" and there was no tick box or time and date stamp on it, so it is not a valid agreement. Mr S has asked for an ombudsman's decision on the matter.

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 hope that Mr S won't take it as a discourtesy that I've condensed his complaint in the way that I have, ours is an informal dispute resolution service, and so I've concentrated on what I consider to be the crux of the complaint. Our rules allow me to do that.

Firstly, as well as being unhappy with the way TSB has dealt with his DDIC, Mr S is unhappy with the service he's received during the investigation of his complaint. But I should point out here that this service doesn't supervise, regulate or discipline the businesses we cover. And my role isn't to punish or penalise businesses for their performance or behaviour – that's the role of the regulator, in this case the Financial Conduct Authority.

So I can't look at TSBs internal complaints procedures or processes or responses and tell it what it must do and even if it was in this service's power to do so, as complaint handling isn't a regulated activity, we wouldn't be able to look at Mr S's complaint if it solely related to this. My role rather is to look at the problems Mr S has experienced and see if TSB has done anything wrong or treated him unfairly.

As outlined in the background the crux of Mr S's complaint is that TSB refused to process his DDIC and refund his DD payments made to a loan company under the DD guarantee.

The DD guarantee entitles account holders to receive an immediate refund from their bank in certain circumstances such as when the payment taken is on the incorrect date or the wrong amount is collected. But it cannot be used to address contractual disputes between the customer and the service provider.

The purpose of this guarantee is to protect customers who've allowed third-party permission to take payments directly from their account. If a payment error is made – either by the bank or by the business collecting the payment ("the originator") – then they should be able to get an immediate refund from the bank. And the bank will get repaid by the originator under the direct debit indemnity.

My understanding is that Mr S doesn't dispute that he took out a loan or that he'd been making repayments on this, rather Mr S says he never saw or signed a copy of the loan agreement or was given advance notice of the DD payments being collected in breach of the DD guarantee.

But along with TSB, I've seen a copy of Mr S's electronically signed loan agreement which details that amount of the loan, when it will be paid to Mr S along with confirmation of the set up of the DD instruction including the future payment schedule and an email confirming the same. Furthermore, all these documents are addressed correctly and match the details Mr S has given to this service.

I don't think it can be disputed that Mr S was aware of the loan agreement and what his DD payments were, as his annual loan and bank statements show regular loan repayments were being collected by DD up until July 2025. Furthermore, I can see Mr S cancelled his DD and contacted the loan company about his payments around the middle of 2025, stating he had relocated abroad and offering to pay £10 a month on his loan.

Given the length of time the DD's were taken and the significant amounts involved, I think if Mr S had any concerns he hadn't agreed to the loan or authorised this form of payment, date or amount, it's reasonable to expect him to query this with the loan company or cancel the instruction sooner than he did.

I appreciate Mr S doesn't believe the electronic signature is valid proof of the loan agreement because there is no tick box and his signature contains "Mr" at the front of his name. But not all forms of electronic signing contain a tick box and having the salutation Mr at the start of a name doesn't invalidate a signature. And as with loan agreements, customers don't always give their authority for DD's to be taken in writing by signing a form.

Sometimes authority is given over the phone, electronically during the application process or even by providing their bank account details to allow the service provider to set up the DD. So I'm not persuaded Mr S didn't agree to or ever see the loan agreement or wasn't given advance notice of the repayment amounts to be collected by DD.

And so it follows that on the information it had, I think TSB had enough to reasonably conclude that there hadn't been a payment error or that Mr S's loan company hadn't provided advance notice of the DD amount or date and that it should've processed the DDIC. And nor do I think it treated Mr S unfairly when it wouldn't refund his payments through the DD guarantee – as from the information it had it wasn't able to establish that there had been a payment error.

So it follows that I do not uphold Mr S's complaint.

My final decision

For the reasons I've explained I've decided not to uphold Mr S's complaint against TSB Bank plc.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 27 February 2026.

Caroline Davies
Ombudsman