

The complaint

Mr K complains that Starling Bank Limited (“Starling”) allowed Direct Debit’s (“DD”) to be collected from his account without his authorisation. Mr K wants Starling to refund the DD’s under the Direct Debit Guarantee (“DDG”) Scheme.

What happened

Mr K was paying his energy supplier by DD as per a mandate dated 8 November 2018.

Mr K switched bank account providers through the Current Account Switch Service (“CASS”) to Starling on 16 April 2019 and a DD was collected by his energy supplier from this account on 24 April 2019.

Payments totalling £3,279.54 were taken and then Mr K’s energy supplier was taken over by another supplier and a new mandate was created on 28 January 2022 – Mr K says without his knowledge - where payments were collected totalling £4,828.34 until November 2023.

Mr K was then migrated to a new energy supplier and a DD was created on 12 July 2024 and further DD’s were taken totalling £1,269.26 following which Mr K cancelled the DD instruction on 4 March 2025.

In May 2025 Mr K raised a Direct Debit Indemnity claim (“DDI”) for payments taken from his account between April 2019 and February 2025 with Starling after he says he realised that the DD collections were not properly authorised under the scheme rules.

Starling’s payment operations team contacted Mr K requesting further information and evidence requesting Mr K provide evidence he didn’t have an account with the energy suppliers and stated without this it could see no error and wouldn’t be able to continue with the claim or dispute.

Mr K raised a complaint with Starling about this and stating that no DD mandate was ever authorised by him. Starling explained that it is able to investigate a request in order to satisfy itself that an error has occurred and that it had reached out to the energy supplier to investigate his claim and had been provided with what it viewed as a valid electronic Direct Debit mandate dated 8 November 2018 for the original supplier and so it would be unable to proceed with the claim and recommended Mr K contact the supplier directly. Starling explained that the DDG does not cover disputes and that it had not identified an error with Mr K’s DDI claim.

Mr K was unhappy with this and so brought his complaint to this service. Mr K says the mandate Starling provided - dated 8 November 2018 - showed his Starling account details rather than the original account details he had at the time the DD mandate was put in place. He says as this was five months before, it would’ve been impossible for him to authorise this mandate and so there is no evidence of consent.

Starling explained that when Mr K switched his current account an Automated Direct Debit Amendment and Cancellation Service (“ADDACS”) was sent to each of the merchants of

DD's switched over informing them of Mr K's new account details and that this was valid authorisation.

Mr K agrees that the CASS transfers existing payment instructions but says it cannot retrospectively validate the legitimacy of those instructions. Mr K says Starling had no mandate authorising DD's to be taken from his account with it and was given no advance notice of the DD's coming out. Mr K says under the DDG taking a DD's without giving the required advance notice is an error and should be refunded and believes in his case this amounts to £9,377.18.

One of our investigators looked into his concerns but didn't think Starling had treated him unfairly as given the time that had past Starling needed to consider whether there are valid grounds to apply the guarantee and was satisfied Starling didn't need to refund immediately or without requesting enough information to satisfy itself that there are potential grounds for a claim.

They explained that if there are any changes to the amount, date or frequency of the DD the organisation will notify you in advance of the account being debited or as otherwise agreed, but that the DDG doesn't state that the bank has to explicitly be privy to this notice. As Mr K had been provided with bills highlighting he pays by monthly DD they thought this is a satisfactory form of advanced notice and so Starling hadn't made an error in acting on the DD instruction for which it held a mandate for.

And as Mr K hasn't disputed he was using the services of the energy suppliers, confirmed that the DD wasn't set up fraudulently and the CASS guarantees that:

"We will take care of moving all your payments going out (for example, your Direct Debits and standing orders) and those coming in..."

that Mr K had opted to transfer his DD's and so it's not unfair to assume he consented to his payments been taken by this method.

Overall, they thought that Mr K's dispute was with the energy suppliers/originators of the DD's and whether they had authority to collect payments that were set up by a predecessor and as the DDG doesn't deal with contractual disputes between the consumer and the originator, it isn't the responsibility of Starling to rectify any dispute between them and so didn't think it reasonable to ask Starling do anything further.

Mr K disagreed and says under the PSR 2017 regulation 75(1) where a service user disputes authorisation the burden is on the payment service provider to prove the transaction was authenticated, accurately recorded and not affected by a technical fault.

Mr K believes Starling hasn't discharged this burden as the mandate it provided shows his updated sort code and account number and not the account he had at the time the mandate was set up.

Mr K says he accepts energy was supplied to his property, he used it and the suppliers were entitled to bill for that energy and so this isn't a contractual dispute. But rather his complaint is about the direct debit payment mechanism used to take money from his account. He disputes there was a valid authorised DD instruction in place for each originator at the time of each collection and that advance notification was given before each collection or change.

Furthermore, Mr K says that Starlings final response contained multiple material inaccuracies and it has failed - after repeated requests - to provide evidence of DD

instruction mandates and advance notice of DD's taken from his account and wants to be compensated for the amount of time and effort he has spent on trying to see evidence he is entitled to.

Mr K has asked for an ombudsman's decision.

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 K won't take it as a discourtesy that I've condensed his complaint in the way that I have, although I have considered all Mr K's detailed submissions, I won't be addressing them all here in this decision. In-line with our statutory objective to resolve complaints with a minimum of formality, I don't believe addressing each and every point raised would be an effective operation of our service. 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, on top of having his DD's refunded, Mr K is looking to be compensated for the way Starling has investigated and handled his complaint and is unhappy that it hasn't been able to provide evidence he's requested and believes there to be inaccuracies in its final response letter. 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 Starling's 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 K's complaint if it solely related to this. My role rather is to look at the problems Mr K has experienced and see if Starling has done anything wrong or treated him unfairly.

As outlined in the background the crux of Mr K's complaint is that Starling refused to process a refund of all DD payments made between April 2019 to February 2025 under the DDG.

The DDG 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.

Mr K doesn't dispute that he's received services from the energy suppliers or that he should pay for this, but says Starling had no mandate authorising DD's to be taken from his account with it.

But I disagree. Starling has provided a mandate showing payments from Mr K's energy supplier are to be collected from his account. I accept that the bank details shown on the mandate are updated from the original account the DD's were collected. But I think this is due to Mr K switching his account and his existing payment instructions being transferred

over when an ADDACS was sent to Mr K's energy supplier informing it of Mr K's new account details.

I don't think switching one's account cancels an agreement between a supplier or a customer to make payments by DD and nor do I think in this case it cancelled the authority for Mr K's energy suppliers to collect payments this way.

The point of the CASS is to be able to switch accounts easily and transfer existing payment instructions smoothly and practically so one doesn't have to individually update all their regular incoming and outgoing payments from their accounts. I don't think this has any bearing on an agreement made between a customer and their service provider about how payments for services supplied would be made.

And I think the same can be said when one switches energy suppliers either by choice or automatically when a supplier has been taken over by another and customers migrated to the new supplier. And in any case although I appreciate Mr K would like to see a copy of the mandate he signed, 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, using a service to switch providers, online or even by providing their bank account details to allow the service provider to set up the direct debit. So I don't think the fact Mr K hasn't seen a signed DD authority for a particular originator or energy supplier means that he didn't authorise it.

And given the length of time DD's were taken, the significant amounts involved and that Mr K had received bills and statements confirming he was paying by DD and what his payments were, I think if he didn't wish to continue paying in this way or had concerns he hadn't authorised this form of payment, it's reasonable to expect him to query this with the energy suppliers or cancel the instruction sooner than he did.

And so I'm satisfied the mandate Starling has provided is a valid mandate authorising Mr K's energy suppliers to collect payment by DD and that Starling hasn't acted unreasonably in continuing to allow the collection of payments in this regard.

Mr K says he was given no advance notice of DD's coming out and under the DDG and that taking a DD without giving the required advance notice is an error and should be refunded.

But while the DDG says:

"If there are any changes to the amount, date or frequency of your Direct Debit the organisation will notify you ... in advance of your account being debited or as otherwise agreed..."

It doesn't say Starling has to be privy to this notice or how this notice should be given. Notice of payments is usually in the form of a bill but it could be a letter, text or email note and it is the biller's responsibility to send this via the channel agreed with them and missing the communication is not grounds for a refund.

And as Mr K has provided this service with energy bills and statements that highlight payments are made by monthly DD and what his payments are and when they will be collected, I can't say that on the information I've seen Starling had enough to come to the conclusion that Mr K's energy suppliers had made an error and hadn't provided advance notice of the DD amount or date and that it should've raised the DD Indemnity without requesting further evidence or that it made a mistake in doing so. And nor do I think it treated Mr K unfairly when it wouldn't refund his payments through the DDG – as from the information it had it wasn't able to establish that there had been a payment error.

Finally, Mr K disputes that the matter is a contractual dispute between him and his energy suppliers. Mr K says that it's not the supply of energy or bills he objects to, but rather the means of payment. But I'm in agreement with our investigator here that this in itself is a contractual dispute between Mr K and his energy suppliers about how payments will be taken. And as has already been explained the DDG can't be used to address disputes between the customer and the originator, Mr K would need to raise the dispute about how his payments were taken directly with the energy suppliers.

So overall, I don't think Starling has treated Mr K unfairly by not agreeing to refund Mr K's DD payments, as based on the information it had, I don't think it was unreasonable to conclude an error hadn't been made and so it follows that I do not uphold Mr K's complaint.

My final decision

For the reasons I've explained I've decided not to uphold Mr K's complaint against Starling Bank Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 17 February 2026.

Caroline Davies
Ombudsman