

The complaint

Mr and Mrs P are unhappy with Barclays Bank UK Plc.

Mr and Mrs P said between December 2021 and June 2022 an energy provider “E” took £285 from their joint account through unauthorised Direct Debits.

What happened

Mr and Mrs P said they never signed any Direct Debit mandate, contract, or gave E consent to take these payments.

Mr and Mrs P made a Direct Debit indemnity claim in June 2022 but said Barclays didn't refund them the whole amount. It refunded £43 only. Mr and Mrs P said the remaining £242 wasn't repaid for almost another three years. Mr and Mrs P said Barclays had no right to hold on to the money, they said there was no record of a valid Direct Debit on file. Mr and Mrs P said they wanted £1,548 to resolve the matter.

Once the complaint came to this service Barclays made an offer to settle it. It said it would include 8% interest in compensation on the full amount of £285 from when Mr and Mrs P first submitted their claim until the date they were fully refunded. Barclays also offered £200 as compensation for the trouble and upset caused.

Mr and Mrs P remained unhappy they said compensation without a formal apology and acknowledgement of breaches of systems like the Direct Debit guarantee five day refund was insufficient.

Our investigator said this service isn't the regulator and we're not here to punish businesses. She said she was unable to comment on Barclays processes. Our investigator said Barclays had accepted it made a mistake and it should have paid the refund sooner. She felt the proactive settlement offer from Barclays was a reasonable attempt to resolve the complaint.

Mr and Mrs P didn't agree. They asked for their complaint to be passed to an ombudsman for a final 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.

There's been a lot of detailed correspondence around the evidence, rules, and regulations from Mr and Mrs P for which I'm grateful. But this is an informal service so I'm not going to comment on everything included within this complaint. Instead, I'm going to stick to what I think are the central points that apply here. I can confirm all the evidence provided by both sides has been considered.

I understand the detail and clarity Mr and Mrs P wish to gain from their complaint. But my role is to review if Barclays has acted fairly and reasonably.

Mr and Mrs P said the whole amount should have been refunded within five days in line with the Direct Debit guarantee and their indemnity claim that was made in June 2023. They said the £43 was refunded but they had to wait until April 2025 for the other £242 to be processed and refunded. Mr and Mrs P said Barclays accepted no Direct Debit mandate had ever existed.

Mr and Mrs P said Barclays own records stated it couldn't see the Direct Debit in the list from their account and that its "*Payment tile*" wasn't showing any mandate with E.

Mr and Mrs P said this disrupted their cashflow, they suffered a loss of interest, and they faced administration costs pursuing their claim over the past three years. The £1,548 they want in compensation is made up of £48 in interest on the withheld £242 and £1,500 for distress, inconvenience, and delay.

Mr and Mrs P also want acknowledgement of the Direct Debit guarantee breach, confirmation no mandate for E existed, and an apology.

Mr and Mrs P are adamant that Barclays should be required to obtain evidence the Direct Debit mandate exists from E or the Automated Direct Debit Introduction Service (AUDDIS) system. Mr and Mrs P said on the balance of probabilities no mandate existed.

Barclays said it reached out to its internal Direct Debit indemnities team and it said it didn't account for the total amount of the claim in 2023, it said this was an error, and that was why it only refunded the £43 initially. It said this was why it now made the proactive offer.

Barclays said it didn't agree that there was no Direct Debit mandate. Its stance is that "*A Direct Debit can only be paid through a Direct Debit mandate so the claim that one didn't exist is not correct. The reason we are unable to see it now is because Direct Debit mandates that are no longer active drop off our system after 13 months.*" I accept Mr and Mrs P don't agree as they feel they brought their initial complaint to Barclays within the timeframe to find the records.

Barclays said Direct Debit originators can set up the mandates through the AUDDIS system. It said it doesn't verify the "*underlying legal entitlement*" as that is the responsibility of the originator. I note this was backed up by a separate complaint Mr and Mrs P made to another organisation, and it suggested Mr and Mrs P raise the point directly with E. It said to Mr and Mrs P, "*it would be your responsibility to raise any dispute regarding the Direct Debit with E directly, as the Banks responsibility is to process the request received.*"

Barclays did accept it should have offered a full refund much sooner and that was why it made the proactive offer once the complaint came to this service.

I accept that Direct Debits are set up electronically by the originator through the AUDDIS system. And so, I think the signed mandate may not be held by Barclays. In which case I wouldn't be certain it would be able to provide this service or Mr and Mrs P with a copy of it.

The Direct Debit Guarantee applies to all Direct Debits. It protects customers in the rare event that there is an error in the payment of Direct Debits, for instance if a payment is taken on the incorrect date, or the wrong amount is collected. It cannot be used to address contractual disputes between a customer and the billing organisation.

The Direct Debit guarantee enables account holders to receive an immediate refund from their bank in certain – but by no means all – circumstances. The right to a refund isn't absolute or automatic. Most genuine errors in payments will usually come to light quickly.

Where that's the case, in most circumstances, I might expect a bank or building society to refund immediately.

I agree with Mr and Mrs P that this should have been resolved so much sooner than it was. And it's clear and accepted based on the proactive offer that Barclays made mistakes around the Direct Debit and its processes. So, Barclays has acknowledged errors and paid out 8% interest on the full £285 from the point when Mr and Mrs P first submitted their claim. I think that's a fair and reasonable outcome.

Added to that Barclays has offered £200 in compensation for the trouble and upset caused. I realise that Mr and Mrs P want specific acknowledgements, apologies and £1,500 in compensation, but I can only base my decision on the evidence and impact caused by the errors and delays from Barclays. I think that's a reasonable offer in the circumstances of this complaint.

Putting things right

- Make sure it has paid the interest offered if it hasn't already.
- Pay the £200 compensation if it hasn't already done so.

My final decision

I uphold this complaint.

I require Barclays Bank UK Plc to:

- Make sure it has paid the interest offered if it hasn't already.
- Pay the £200 compensation if it hasn't already done so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P and Mrs P to accept or reject my decision before 5 February 2026.

John Quinlan
Ombudsman