

## **The complaint**

Mr L complains that Nationwide Building Society refused to refund payments under the Direct Debit Guarantee.

## **What happened**

Mr L says he asked Nationwide to refund payments under the Direct Debit Guarantee (DDG) for motor vehicle finance payments. He says the agreement with the company was not valid as it lacked consideration and he did not provide informed consent. Mr L says Nationwide ought to have refunded the payments without seeking information from the other business involved. He says he has been caused distress and would like the payments refunded. He also says the direct debit payment was frozen by Nationwide and that has resulted in a third-party company being involved in recouping the debt.

Nationwide says Mr L set up the direct debit in 2022 and it was entitled to investigate this complaint before deciding the DDG did not apply. It says Mr L told it he disputed setting up the direct debit.

Mr L brought his complaint to us and our investigator explained the DDG. The investigator thought this was a dispute between Mr L and the business, which was not covered by the DDG. The investigator also thought Nationwide was entitled to investigate the issue before refunding the money.

Mr L does not accept that view and disputes he told Nationwide that the direct debit was set up without his authority. He says the issue is that the direct debit is invalid as it's unlawful.

## **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 conclusion that I don't uphold this complaint.

The DDG is designed to protect customers where there is for example a mistake in the amount of a payment or the frequency of a payment. It is not designed to deal with disputes between the parties.

I am satisfied that Mr L authorised the direct debit in 2022 for his motor vehicle finance. And I can see the payment was made until around September 2025 when Mr L raised a dispute with the business that provided the finance suggesting the agreement was mis sold. So, I am satisfied that there was clearly a dispute between Mr L and the other business and that the DDG does not apply in those circumstances. I don't think there can be any doubt there was a dispute between the parties as Mr L has told us himself there was such a dispute as he suggests the agreement was unlawful.

I appreciate Mr L says Nationwide ought to have immediately refunded the direct debit payments when he asked it to do so. But I am satisfied in these circumstances Nationwide

was reasonably entitled to investigate matters further and ask itself why Mr L had made the payments for some 3 years before raising the DDG. And that Nationwide was reasonably entitled to consider if the DDG even applied here. In any event I am satisfied that even if Nationwide had refunded the direct debit payments, that it inevitable it would have asked Mr L to return the payments.

I appreciate Mr L says the direct debit was frozen which has led to debt proceedings. I am sorry to disappoint Mr L, but I am satisfied that was as a result of him telling Nationwide that there was an issue with the direct debit payment. I can't fairly hold Nationwide responsible for the payment not being made in these circumstances and it is of course Mr L's responsibility to make the required payments.

Overall, I am satisfied Nationwide has dealt fairly and correctly with this complaint. It follows that I can't direct it to refund direct debit payments or pay compensation as Mr L would like.

### **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 Mr L to accept or reject my decision before 23 May 2026.

David Singh  
**Ombudsman**