

The complaint

Mr C has complained that NATIONAL WESTMINSTER BANK PUBLIC LIMITED COMPANY (“NatWest”) has unfairly handled a Direct Debit Indemnity claim.

Mr C is also unhappy with how NatWest communicated with him.

What happened

Mr C asked NatWest to raise a Direct Debit Indemnity claim for Direct Debit payments he made to an insurance company over a prolonged period of time. However, NatWest didn’t reimburse Mr C for the Direct Debit payments.

Unhappy with this, Mr C complained to NatWest. In response, NatWest responded to the complaint and paid Mr C £30 for any distress caused from the phone calls it made to Mr C and £20 as a gesture of goodwill for the amount of time it was taking to process Mr C’s Direct Debit indemnity claim.

NatWest then sent a follow up letter and agreed to pay Mr C a further £250, to bring the total amount of compensation to £300.

After Mr C referred his complaint to this service, one of our investigators assessed the complaint and they didn’t uphold the complaint.

As Mr C didn’t accept the investigator’s conclusions, the matter was referred 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.

Having reviewed everything, I don’t uphold this complaint. I will explain why.

Mr C made a Direct Debit indemnity claim for insurance premium payments he’d made on a life insurance policy for a period of around 14 years. Mr C wants NatWest to reimburse him for the payments under the Direct Debit guarantee scheme. However, so far, NatWest hasn’t reimbursed Mr C for the disputed Direct Debit payments.

As has already been explained to Mr C, the Direct Debit guarantee scheme is designed to rectify any payment errors that are made. So for example, the scheme is designed so that consumers are quickly reimbursed if the wrong amount is deducted, or the payment is made on the wrong date or at the wrong frequency. The scheme is not however, designed to return payments to a consumer, due to a contractual dispute arising between the consumer and the originator i.e. the business that is authorised by the consumer to take the payments (or anyone acting on their behalf).

In this case, Mr C wants the premiums he has paid for a life insurance policy to be immediately returned to him, because he says the insurance policy was mis-sold. I note that Mr C raised his Direct Debit indemnity claim in October 2025, and had still not received an outcome to his claim when he complained. In the circumstances, I can see why Mr C was frustrated with this prolonged delay.

Nevertheless, although the Direct Debit guarantee enables account holders to receive an immediate refund from their bank in certain – this is not always the case in all circumstances. As I've said, its purpose is to provide protection to customers who have provided originators with access to their accounts in order to collect money. But most genuine errors in payments will usually come to light relatively quickly. Where that's the case, in most circumstances I might expect the bank to refund immediately. But where several years have elapsed, as is the case here, I rather think that does call into question whether the claim is genuine and whether a payment *error* has occurred. In those circumstances, I'm satisfied the bank's not obliged to refund immediately and without question, as Mr C contends.

I understand that NatWest contacted Mr C a number of times to obtain more information about the specifics of his claim. It also looks like NatWest contacted the insurer who was receiving the payments. But despite this, NatWest hasn't reimbursed Mr C for the disputed Direct Debit payments. However, as a contractual dispute is generally speaking, not a valid reason for a Direct Debit indemnity claim to succeed, in the circumstances, I am unable to say that NatWest has acted unfairly because it has not returned the payments back to Mr C.

As well as the prolonged delay in processing his claim, Mr C is also unhappy that NatWest called him about his Direct Debit claim, when he'd asked NatWest to contact him by email only. I can see that NatWest had tried to call Mr C a number of times, despite his request. So I can appreciate that this would've been very frustrating for Mr C. NatWest has said that the team that processes such claims could've emailed him to request the necessary information. So it's unclear to me why NatWest didn't ask for the specific information by email, as Mr C had requested, when it was unable to get that information over the phone.

So in summary, whilst I don't think NatWest was obliged to immediately reimburse Mr C for the Direct Debit payments that he has disputed under the Direct Debit indemnity claim, I don't think that NatWest has handled this matter as well as it should've.

Looking through the responses that NatWest has sent to Mr C, I can see it has already paid Mr C a total of £300 compensation, in regards to this matter.

I have considered whether further compensation is warranted, and have taken into consideration the timescales involved, as well as what Mr C has told us about his circumstances and the distress this matter has caused him. But overall, I think the compensation that NatWest has already paid Mrs C is a reasonable amount. I think this award fairly reflects the distress and inconvenience caused to Mr C by NatWest repeatedly trying to call him - when he'd already asked to be only contacted by email - as well as for the delay in NatWest processing the Direct Debit indemnity claim.

Therefore, whilst I don't think that NatWest got everything right here, at the same time, I don't think NatWest needs to pay any further compensation for the distress and inconvenience caused to Mr C by this matter.

As a final point, I would like to make it clear that, in reaching this decision, I'm not saying that the underlying insurance policy was or wasn't mis-sold. Nor am I saying that a refund of the policy premiums is or isn't due to Mr C. I'm only saying that, I don't believe the fair way to resolve this complaint would be for me to simply require NatWest to refund Mr C under his Direct Debit indemnity claim.

My final decision

Because of the reasons given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 10 April 2026.

Thomas White

Ombudsman