

The complaint

Ms H is unhappy Bank of Scotland plc trading as Halifax has refused to refund numerous Direct Debits which she's said were taken in error.

What happened

Ms H notified Halifax on 24 October 2025 through their chat service that she wished to seek a refund under the Direct Debit guarantee. She explained she had been working with her accountant and legal team and had noticed some serious discrepancies in her accounts and that the Direct Debits had been taken in error. She listed nine different companies who had been taking Direct Debits, with varying dates between 2017 and 2023. The total claim was for £21,208.58.

Ms H notified Halifax that she was unable to speak on the phone because of her mental health conditions, but despite this Halifax requested she call to discuss her claim, kept her waiting long periods of time on their chat service and attempted to call her to get the information they needed.

Halifax also emailed Ms H on 17 and 27 November 2025 explaining they needed her to clarify her reason for requesting the Direct Debit refunds. They asked her to confirm why she believed they had been taken in error. Ms H didn't provide any further explanation, instead reiterating that they were taken in error and that was a sufficient explanation for Halifax to refund her. As a result, Halifax declined her claim.

Ms H complained. Halifax didn't uphold Ms H's complaint in relation to her claim under the Direct Debit guarantee, explaining she hadn't provided sufficient information for this to be processed. But they offered her £100 in recognition of the service provided, namely that she had notified them of her vulnerabilities and not wanting to speak on the phone, but they continued to try and communicate in this way.

Ms H remained unhappy, so she referred her complaint to our service. She explained the whole process has had a serious impact on her mental health. She believes Halifax have failed to act in line with the Direct Debit Guarantee which says an immediate refund should be given. She told us the basis of her claim is that due to her mental health conditions she couldn't give informed consent at the time the Direct Debits were established and Halifax have provided no proof she authorised the payments. She informed Halifax of her mental health challenges from the outset but despite this, they repeatedly failed to accommodate her needs, failing in their obligations to make reasonable adjustments.

Our investigator didn't uphold the complaint in relation to the Direct Debit claim. They were satisfied in the circumstances that Halifax were entitled to ask her for more details about the reason for her claim, given the historic nature of Direct Debits she was saying were taken in error. And because she didn't provide any more detail, Halifax were entitled to decline her claim. The investigator upheld the complaint in relation to the service Ms H had received, explaining that they failed to take care in their dealings with Ms H given her vulnerabilities. They recommended Halifax pay £300 compensation.

Halifax agreed with the recommendation, but Ms H disagreed so the complaint has been passed to me to decide.

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'm aware I've summarised the events in this complaint in less detail than Ms H, but I want to assure her I've considered everything both him and Halifax have said and provided, before reaching my decision. I'm satisfied I don't need to comment on every individual argument to be able to reach what I think it's the right outcome. Instead, I've focussed on what I think are the key issues. Our rules allow me to do this and reflect the informal nature of our service as a free alternative to the courts.

Firstly, I'm very sorry to hear the impact this matter has had on Ms H. I understand she suffers with her mental health, and my findings are in no way meant to belittle this. But I've reached the same conclusions as the investigator and I will explain why.

Direct Debits

Ms H made a claim under the Direct Debit Guarantee saying the payments in question were taken in error.

I understand Ms H believes the wording of the Direct Debit Guarantee means she is entitled to an immediate refund because she told Halifax the Direct Debits were taken in error. I can appreciate why she feels this way. However, I have to consider whether the guarantee was intended to be used in the way Ms H has attempted to do here, in so much as she has asked for a refund of all DD's taken since 2017 by nine different companies.

The guarantee states:

"If an error is made in the payment of your Direct Debit, by the organisation or your bank or building society, you are entitled to a full and immediate refund of the amount paid from your bank or building society."

The purpose of the Direct Debit guarantee is to provide protection to customers providing originators with access to their accounts in order to collect money. It protects people if a mistake is made, for example the money is collected on the wrong day, or the wrong amount is taken. The guarantee allows account holders to an immediate refund, but not in all circumstances. Most genuine errors in payments will usually come to light relatively quickly. But where several years have elapsed, as in Ms H's case, this can call into question the validity of the claim. In these circumstances, I'm satisfied the bank is not obliged to refund immediately, without being able to ask reasonable questions beforehand.

In my view, the guarantee wording clearly means that the entitlement to a refund isn't absolute. It requires that an error is made in the payment of the Direct Debit. And given the amount of Direct Debits Ms H is saying were taken in error, and across such a lengthy timeframe, I find it reasonable for Halifax to have asked her questions around why she believes they were taken in error.

Ms H didn't answer the questions and gave no further details of her claim to Halifax. I note Ms H has subsequently told this service that her claim centres around the lack of informed and freely given consent due to her mental health at the time. However, I haven't seen anything to suggest she told Halifax this when they asked her why she believed the Direct

Debits had been taken in error. As a result, they couldn't consider this and it wouldn't be fair for me to say they ought to have either.

Ms H has also mentioned Halifax's obligations under the Payment Services Regulations 2017. But this too relies on Ms H engaging with Halifax and explaining the basis of her claim. Something she didn't do.

So, based on what I've seen, I don't believe the fair and reasonable outcome here is to ask Halifax to refund Ms H the Direct Debits she has disputed.

Customer service

Ms H has complained that Halifax has discriminated against her and failed to make reasonable adjustments. This is because they repeatedly tried to contact her by phone despite her informing them this wouldn't be possible due to her mental health conditions. Halifax also left her waiting for long periods of time on the chat and said it wouldn't be able to discuss her complaint in writing, but instead she would need to call.

While we take any allegation of discrimination seriously, we are an informal dispute resolution service, meaning we don't have the power to decide whether or not Halifax is in breach of anti-discrimination legislation, as only a court has the power to do this. What we can do is take relevant law and regulation into account when deciding what's fair and reasonable in the circumstances of a complaint. I've done that here and overall, I agree that Halifax failed to consider Ms H's circumstances when communicating with her or take the necessary care to ensure they didn't cause her distress. So, I don't think they acted fairly and reasonably.

So, whilst I don't think Halifax's actions caused a detriment to the outcome of Ms H's Direct Debit claim or her complaint, it's clear their service caused Ms H unnecessary distress and inconvenience. Halifax has acknowledged this and following our investigators recommendations, agreed to pay £300 compensation. I think this adequately reflects the impact their actions had on Ms H.

Putting things right

Bank of Scotland plc trading as Halifax should pay Ms H £300 compensation for the distress and inconvenience caused.

My final decision

My final decision is that I partially uphold Ms H's complaint against Bank of Scotland plc trading as Halifax.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms H to accept or reject my decision before 11 May 2026.

Sarah Brimacombe
Ombudsman