

complaint

Mr S complains that Santander UK Plc allowed a third party to take money from his account when he had cancelled the Direct Debits.

background

Mr S had set up a Direct Debit with Santander to pay a third party. Mr S's business relationship with the third party ended and he says he asked the bank to cancel the Direct Debit mandate. The bank does not agree and says Mr S did not cancel the mandate, only individual payments.

On a number of occasions, the third party set up further Direct Debits which the bank paid. Mr S complains that he had to make numerous calls and go to considerable effort to get his money back. He says the bank was wrong to make those payments when he had already cancelled the Direct Debit mandate. He says he is the bank's customer, not the third party, and the bank should protect his money.

Initially, the adjudicator did not recommend the complaint should be upheld. He explained to Mr S that Direct Debits are automated and authorised without a signature. He explained that full refunds can be obtained if a mistake was made and that was what happened here.

Further enquiries were made with the bank, who confirmed Mr S had cancelled individual direct debits due to go out of his account, but not the mandate. This meant the third party could continue to take money until the mandate was cancelled. The terms and conditions of the account mean it was Mr S's responsibility to tell the bank he wanted the mandate to be cancelled, if this was his wish.

However, the bank told the adjudicator that having looked again at its records, it accepted it had not prompted Mr S to cancel the mandate. The bank changed its position and upheld the complaint, offering £100 for the inconvenience caused.

Mr S does not agree with this figure. He says he has spent over 10 hours in discussions with the bank and this service trying to remedy the situation, he asks for a fee of £32 which he had to pay when his account went overdrawn and for considerably more compensation.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Where the evidence is incomplete, inconclusive or contradictory (as some of it is here), I reach my decision on the balance of probabilities – in other words, what I consider is most likely to have happened in light of the available evidence and the wider circumstances.

Direct Debits are instructions given by an account holder to a bank, authorising the bank to allow a third party to take money from the customer's account on a regular basis. The amount taken out can be changed by the third party, if proper notice is given.

There is no dispute that Mr S notified the third party that he wanted the mandate to end. However, the third party continued to claim money from the bank. Mr S says he contacted the bank, not only to cancel individual direct debits, but also to cancel the mandate.

I have looked at the bank records and can see no record that Mr S said he wanted to cancel the mandate. I can see Mr S cancelled individual direct debits on a number of occasions (for example on 03/04/17, 05/04/17, 05/05/17 and 04/06/17). I appreciate Mr S is adamant that he told the bank he wanted to cancel the direct debit mandate. However, I am satisfied Mr S cancelled these direct debits online and on each occasion only cancelled the specific payment, not the mandate.

The bank has accepted its online banking did not pick up that Mr S was repeatedly cancelling the same direct debits and did not offer him a prompt, reminding him that under the terms and conditions of the account, if he wished to end the direct debit mandate, he would have to contact the bank to do this.

I appreciate Mr S's strength of feeling that he did tell the bank this, but from his early correspondence with the service, I am satisfied he was not fully informed about how direct debits work, for example, believing that cancelling the mandate with the third party would mean the bank no longer made the payments. I am satisfied that without a reminder from the bank, Mr S did not appreciate it was his responsibility to cancel the mandate. In those circumstances, I think it is more likely the reason the bank has no note of such a request is because Mr S did not make it.

The bank has offered to pay £100 for the trouble and upset caused by the lack of online prompt, which would have reminded Mr S he needed to cancel the mandate with the bank. I am satisfied that is fair and reasonable.

I know it will disappoint Mr S, but I am not satisfied the bank made a mistake when it paid the direct debits. It was Mr S's responsibility to cancel the mandate if he so wished, he did not do so and the bank acted within the terms and conditions of the account when it made the payments and charged the fee when the account went overdrawn. I know Mr S would like more compensation, but I am satisfied the £100 offered by Santander is fair and reasonable in all the circumstances.

my final decision

My final decision is that I uphold the complaint and I order Santander UK Plc to pay Mr S £100, as it has offered to do.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 27 November 2017.

Charlotte Holland
ombudsman