

complaint

Mr R complains that he incurred bank charges because The Prudential Assurance Company Limited (Prudential) did not collect his monthly direct debit payment from the correct account.

background

Mr R had a whole-of-life policy funded by direct debits collected from his account with Bank A. He moved accounts to Bank B and was informed it had written to all of the businesses paid by direct debit from his old account, to inform them to instead collect from the new account. Prudential tried to collect the monthly payment from the account with Bank A. There were insufficient funds which resulted in charges totalling £35 being debited from his account.

Mr R complained to Prudential as he felt that it had not acted on the instruction from Bank B. Prudential said it had not received the instruction so it did not offer to pay the bank charges.

The adjudicator considered that Prudential could not reasonably act on instructions it had not received. Mr R disagreed and so the complaint has been passed to me to issue a final decision.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint, including any representations received since the adjudicator issued his view.

Mr R decided to change bank accounts and asked his new bank (Bank B) to send updated instructions to businesses collecting direct debits from his old account. Bank B has stated that it sent the updated instructions to Prudential. Mr R has said they were sent on 1 July.

Prudential has stated it did not receive those instructions and its actions appear to support this as it carried on collecting premiums from the old account with Bank A. It also subsequently wrote to Mr R stating it had been informed his direct debit had been cancelled. I am not persuaded on balance on the evidence available that Prudential received the instructions. I also note that other businesses also collected direct debits from the old account as late as the end of July which seems to suggest that all the direct debits were not changed.

It appears that during this time Mr R was still using his old account as there are a number of debits and credits from that time. I consider that when the direct debit from Prudential went out from his old account in July and other direct debits continued to be taken from his account that reasonably should have put Mr R on notice to check that the direct debit had been updated successfully.

Direct debit transfers such as this can often not be straightforward and it makes sense to make sure there are sufficient funds in either account to pay for the pending outgoings. In this case Mr R had deposited money in his old account so it seems to me that he could have retained some money there for a short while to ensure the direct debits were met. Alternatively he could have contacted Prudential to make sure the direct debit had been updated. I also note that banks sometimes let customers know when a certain direct debit transfer has completed and without such confirmation it would have been sensible to anticipate that the payment may still be coming out of the original account. In addition Mr R had not received any confirmation from Prudential that his details had been updated.

Ultimately, I have to consider whether Prudential has done something wrong. After careful consideration I am not persuaded that Prudential has acted incorrectly as I am not persuaded it received the instructions to amend the direct debit. Accordingly, I am not persuaded it should have to pay the costs incurred by Mr R for going overdrawn. I also consider that Mr R could reasonably have taken further action to prevent this problem occurring.

my final decision

My final decision is that I do not uphold this complaint and I make no award.

Julia Chittenden
ombudsman