

The complaint

Miss S complains Lloyds Bank PLC refused to raise a claim under the Direct Debit Guarantee (DDG). She doesn't believe it's treated her fairly.

What happened

In 2023 Miss S contacted Lloyds to raise a claim under the DDG. She told Lloyds this was to refund all the payments made in error between 2018 and 2022 to a credit card provider.

Due to the length of time the direct debits had been paid from Miss S's account, Lloyds asked for further information to show that an error had been made in relation to the payments and if she'd contacted the credit card provider, what it had said.

Miss S told Lloyds the payments were a 'global overpayment', and she didn't need to tell it what the other party had said. A member of staff took down details of the claim. But Lloyds later wrote to Miss S to tell her that given the length of time the claim covered, it believed she should have been aware of the issue sooner. It said it was unable to raise a claim based on the information provided as this hadn't met with its criteria. It suggested Miss S contact the credit card provider instead.

Miss S didn't agree. She stated there was no time-limit for raising a claim under the DDG. She believed Lloyds had treated her unfairly and wanted us to investigate.

One of our investigators reviewed the complaint but he didn't think Lloyds had acted unfairly. He explained the DDG was intended to deal payment errors and not contractual disputes. In particular, he noted Lloyds had asked Miss S for more information on the payment error, but sufficient information hadn't been provided. So, in the circumstances, he didn't think it had done anything wrong in not taking the matter further and directing her to the credit card company instead.

Miss S didn't accept the investigator's outcome. She said she wasn't disputing the matter with the credit card provider; Lloyds hadn't requested more information about the credit card company, nor did it need to and both it and the investigator had failed to adhere to the DDG.

The complaint was put forward for a 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.

It's clear Miss S feels strongly about her complaint. I have read and considered everything that she's provided. As an informal dispute resolution service, we are tasked with reaching a fair and reasonable conclusion with the minimum of formality. In doing so, it is not necessary for me to respond to every point made, but to concentrate on the crux of the issue. The relevant question is, was the bank wrong to decide not to take the claim further?

The DDG applies to all Direct Debits. It protects a customer in the rare event that there is an error in the payment of their direct debit, for instance if a payment is taken on the incorrect date, or the wrong amount is collected. But it cannot be used to address contractual disputes between a customer and the billing organisation.

The DDG enables account holders to receive an immediate refund from their bank in certain – but by no means all – circumstances. Most genuine errors in payments will usually come to light relatively quickly. Where that's the case, in most circumstances, I might expect a bank or building society to refund immediately.

But where several years have elapsed without the payments being challenged, as is the case here, I'm persuaded that Lloyds is not obliged to refund immediately and without question. I'm satisfied the details of the DDG I've highlighted above set out that the entitlement to an immediate refund isn't guaranteed. It requires that an error is made in the payment of the direct debit.

Miss S hasn't provided sufficient evidence that demonstrates that the payments she is now disputing were made in error. I have listened to calls she had with the bank and a member of staff asked for information of the payment error. Miss S's response is 'Global overpayment'. The agent probes for details in order to put together the claim but Miss S doesn't give any information and she's unwilling to share what the credit card provider has said when questioned about that. I don't think the questions were unreasonable, because where there has been a genuine error, you'd expect that such information is integral and will help with a claim.

Miss S was unwilling to give information about why the overpayment was wrong or even incorrect for another reason. Having weighed everything up, I don't think the bank's decision not to take the claim further was unreasonable in these circumstances.

I realise Miss S took issue with what Lloyds said about the length of time, but given my overall conclusions, this doesn't affect the outcome of the complaint because I have decided Lloyds didn't treat her unfairly in declining to submit the claim and then signposting her to the other party.

My final decision

My final decision is I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S to accept or reject my decision before 25 March 2024.

Sarita Taylor
Ombudsman