

The complaint

Mr B complains that Barclays Bank UK PLC refused to raise a claim under the Direct Debit Guarantee Scheme.

What happened

The detailed background to this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

Mr B took out a mortgage and made payments by direct debit until 2020, when the agreement was settled. In 2022, he inspected the mortgage declaration and concluded that even though he'd agreed to the mortgage, he didn't sign the document and that his signature must have been forged by the mortgage advisor.

In July 2023, he contacted Barclays to raise a Direct Debit Indemnity ("DDI") claim under the Direct Debit Guarantee Scheme ("the Scheme") for payments he made to the mortgage provider on the basis that the mortgage application and direct debit mandate were forged by the financial advisor. He argued that the agreement was fraudulent because his signatures were forged, so the direct debit payments should be refunded.

Barclays said it wasn't required to provide a refund as the information Mr B had provided didn't meet the criteria for a refund under the Scheme. It explained the Scheme states: *'if an error is made in the payment of your Direct Debit by your bank or building society, you are entitled to a full and immediate refund of the amount paid from your bank or building society,'* but the claim didn't meet the criteria.

It also stated that mis-selling, poor service, and contractual disputes don't constitute valid refund reasons under the terms of the Scheme and a forged signature on a mandate would be deemed as a fraud matter, which would need to be raised as a fraud dispute.

Mr B wasn't satisfied and so he complained to this service stating he'd had the document examined by an expert who was provided with comparison signatures and who had confirmed it was unlikely that he signed the documents. He said he was prepared to swear an affidavit that it wasn't his signature and argued that the direct debits were fraudulent and should be returned in full. He further explained that Bank N had agreed his claim and refunded £4,040 without having sight of the expert report.

Barclays further commented that the purpose of the Scheme is to provide protection to customers for errors in payments by direct debit. It maintained a forged signature on a mandate, or contractual disputes aren't covered by the scheme.

Our investigator didn't think the complaint should be upheld. He explained that when raising a DDI, the bank must enter a specific reason and the most common reasons are unauthorised payment value, incorrect payment date or an unknown merchant. He didn't think any of those reasons applied to Mr B's claim because he'd agreed to the mortgage, he'd the benefit of the mortgage and knew the direct debits were being taken. And he didn't

agree the fact Bank N had agreed his claim set a precedent because he thought it was likely Bank N had issued the refund as a gesture of goodwill.

Mr B has asked for his complaint to be reviewed by an Ombudsman. He doesn't accept that Bank N refunded the direct debits as a gesture of goodwill and maintains they were returned under the Scheme due to fraud. He has argued that Bank N took over the direct debits from Barclays when he changed banks so the same should apply to the payments that were taken from his Barclays account.

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 done so, I've reached the same conclusion as our investigator. And for largely the same reasons.

The crux of Mr B's complaint is that he believes the mortgage agreement was fraudulent because the signature on the mortgage declaration was forged. In support of his complaint, he has submitted evidence from a handwriting expert who has concluded that it is highly probably that he didn't write the signature.

While I note the conclusion of the expert, I don't need to make a finding on the issue of whether the signature was written by Mr B because it isn't relevant to whether the claim meets the criteria for a refund under the Direct Debit Guarantee Scheme.

Barclays has rejected the claim on the basis that the information provided to it by Mr B doesn't give rise to a valid claim, and I'm satisfied that's fair. This is because Mr B hasn't shown that there was an error in relation to the payment of the direct debits (such as errors with the value, date or merchant). Rather, the potential forgery of the signature would be a contractual dispute or a potential fraud claim, neither of which are valid grounds under the terms of the Scheme.

Mr B has argued that Bank N accepted his claim and refunded £4,040 worth of payments and that Barclays should do the same. He disputes that this was a gesture of goodwill, but Bank N has suggested the claim was settled due to fraud, neither of which are valid grounds under the Scheme. Further, there's no evidence that Bank N raised a DDI with the mortgage provider and, in any event, Barclays can't fairly be bound by the actions of another bank.

Overall, I'm satisfied that Barclay's decision not to raise a DDI with the mortgage provide if fair and reasonable.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 25 October 2024.

Carolyn Bonnell
Ombudsman