

The complaint

Ms P complains that Lloyds Bank PLC raised a refund for her under the Direct Debit Guarantee (DDG) scheme before she asked them to, and they wouldn't raise a refund for her under the DDG scheme when she later asked them to.

What happened

Ms P says that on 22 April 2024 she saw that £1,006.29 had been debited from her Lloyds bank account seemingly from her energy supplier, so she contacted Lloyds and reported a scam which was her initial thought. She said Lloyds reimbursed the funds and she contacted her energy supplier to double check the issue. Ms P says her energy supplier confirmed that the amount they debited was correct, but they told her the matter would not inconvenience her and that they would arrange a payment plan. Lloyds then paid the refunded money back to her energy supplier.

Ms P says that the problem was that there was pre-emptive action in reclaiming the funds again as Lloyds told her that it was impossible to reimburse the same payment twice, even though this was actually the first time she requested a refund under the DDG scheme. She says her energy supplier informed her she needed to get an indemnity, so this was the first time she'd asked Lloyds for this. Ms P made a complaint to Lloyds.

Lloyds did not uphold Ms P's complaint. They said they were sorry that the direct debit indemnity claim had been rejected, and they were sorry for any upset caused to her when the conditional refund was removed from her account. Lloyds said they'd received evidence from her energy supplier which showed they contacted Ms P prior to the money debiting her account to make her aware of the amount due. Ms P brought her complaint to our service.

Our investigator did not uphold Ms P's complaint. She said Lloyds confirmed on 1 May 2024 to Ms P that she couldn't raise another direct debit indemnity for the same payment. She said that even if another indemnity could be raised, it would've been rejected because there was no error when Ms P's energy supplier took the payment on 22 April 2024 in line with the advance notice they provided.

Ms P asked for an ombudsman to review her complaint. She made a number of points. In summary, she said she felt it was a professional courtesy to warn a customer at the initial point of communication, that to ask, when flagging up potential fraud that the correct terminology is used so that the customer understands this and to warn the customer of the potential repercussions. She said the call handler she spoke to should have mentioned the phrase double indemnity in the context of her particular issue and told her that this feature of recovery can only be used once. Ms P said she was not told that the ensuing action was to be an indemnity as that was the term used and explained to her by her energy supplier, and not Lloyds.

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.

Ms P has made a number of points to this service, and I've considered and read everything she's said and sent us. But, in line with this service's role as a quick and informal body I'll be focusing on the crux of her complaint in deciding what's fair and reasonable here.

I must make it clear to Ms P that I'm only able to consider the actions of Lloyds as part of this complaint. Ms P has raised several points regarding her energy supplier, including what they've told her to do, but as they do not fall under our jurisdiction, Ms P may wish to make a complaint to her energy supplier directly if she believes they have done anything wrong. If she is not happy with their response then she may be able to bring that complaint to the Energy Ombudsman, which is a separate ombudsman service to our service.

I can understand the shock Ms P must have had when she saw the £1,006.23 had debited her account and was paid to her energy supplier as she was not expecting this. So she rang Lloyds on 25 April 2023. I've listened to this call. Ms P tells the call handler that an excessive amount of £1,006.23 had been taken from her energy supplier and a mistake had been made. The call handler asks if it is the wrong amount and Ms P says "*yeah*". The call handler says he will complete a direct debit indemnity form to pull the payment back for her and Ms P responds with "*thank you very much*".

The call handler tells Ms P he's completed the form, but Ms P appears to leave the call while the call handler is talking to her, so Ms P rings Lloyds back. Ms P tells the new call handler she's had an amount taken by her energy supplier which was "*totally incorrect*". The call handler says she will have to fill out a form for Ms P. She tells Ms P that she needs to read something out to her.

Ms P mentions that occasionally a further investigator would be needed to see if Ms P could get a refund under the direct debit guarantee. She also tells Ms P they may also contact the company and if it is found that an error did not occur, then they would take that money back out of her account. Ms P tells her the amount is absolutely incorrect. The call handler tells her this will be investigated for her, and she should receive her refund. Ms P says "*ok, thank you*" and the call ends.

Ms P did not mention on either of these calls that she thought she had been scammed, although I'm not persuaded the outcome would have been any different if she did tell Lloyds this as while they would have conducted a different type of investigation, the outcome would have been still that her energy supplier did give her an advance warning of the amount they would debit.

I've also considered that Ms P did not specifically ask Lloyds to raise a refund under the DDG scheme for her or mention the word indemnity. But as Ms P told them that the incorrect amount for a direct debit had been taken, then the natural step would be to raise a refund for her under the DDG scheme.

Lloyds read out a statement regarding this, and informed Ms P that they may contact the company. Ms P did not object to this. While I've considered what Ms P has said about the terminology Lloyds used, it would be reasonable to expect her to question this if she didn't understand any of this terminology, or she wasn't clear on what was happening. It was apparent that the end result that Ms P wanted was a refund.

As Ms P's energy supplier sent Lloyds evidence that the amount debited from her account was not an error, then the refunded funds were re-debited from her account. Ms P was told that if no error occurred they would take the money from her account, and this is what they did.

Although Lloyds didn't tell her a refund wouldn't be provided again if she tried to raise a refund under the DDG scheme, I'm not persuaded it would be proportionate for them to tell Ms P this. I say this as if the energy supplier provided proof that the payment was not an error (which they did provide this evidence) then Ms P wouldn't be eligible for a refund under the DDG scheme. This is because this would be considered a dispute between her energy supplier and herself. And a refund under the DDG scheme can't be raised for contractual disputes.

Although Ms P has said the term indemnity was used by her energy supplier, the term indemnity was used when she spoke to Lloyds on the phone. It's not clear why her energy provider asked her to raise an indemnity with Lloyds when they'd already told Lloyds there was no error with the payment, as Lloyds wouldn't be able to raise a refund under the DDG as no error was made with the payment amount. While Ms P would be frustrated that Lloyds couldn't do as she asked when she tried to raise a refund under the DDG scheme when she actually did ask for this, Lloyds did not make an error here. So it follows I don't require Lloyds to do anything further.

My final decision

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms P to accept or reject my decision before 1 August 2024.

Gregory Sloanes
Ombudsman