

## **The complaint**

Mr R complains that Nationwide Building Society (“Nationwide”) rejected his Direct Debit (DD) indemnity claim and won’t refund him for two transactions that debited his account in June and July 2017.

## **What happened**

Mr R holds a bank account with Nationwide. A DD mandate was sent up with an energy supplier in 2017 without his authorisation. Mr R has provided a letter from the supplier dated April 2017 showing this was cancelled at his request and that it would send quarterly bills instead. Despite this an identical DD mandate was set up shortly afterwards and three unauthorised deductions were taken from his account by the supplier in June, July and August 2017.

In August 2017 once again the DD mandate was cancelled and Mr R successfully raised a DD indemnity claim for one of the payments to the supplier and was refunded £1,179.66 on 24 August 2017.

The energy supplier was acquired by another supplier and on 28 March 2021 the new energy supplier wrote to Mr R and confirmed a new part of the energy group was being established and that his energy account would be moved over to this and that Mr R didn’t need to do anything regarding this. The letter also states that payments would still be protected by the DD guarantee.

Mr R raised a DD indemnity claim for the two outstanding payments of £68 taken in June and July 2017. Nationwide rejected the claim as being invalid on 31 May 2023 but failed to contact Mr R regarding the outcome.

So Mr R called Nationwide for an update on 19 June and at the same time asked to update his email address. Nationwide told Mr R his DD claim was rejected as the payments made were to a company that had gone into administration/no longer exists and that Mr R would have to contact the energy company that took over his original energy supplier in 2019. Nationwide failed to action Mr R’s request to update his email address.

Nationwide didn’t agree it did anything wrong in rejecting his DD indemnity claim but agreed it had failed to call Mr R back and so compensated him £20. Mr R was dissatisfied with this and brought his complaint to this service.

One of our investigators looked into Mr R’s concerns but didn’t think Nationwide were obliged to provide a refund under the DD guarantee because the energy supplier no longer existed on the DD indemnity claim system when the claim was raised by him in May 2023 and as such Nationwide aren’t able to invoke the DD guarantee, nor have a means to reclaim the funds. But they thought that the £20 Nationwide compensated him for the failure to call him back and update his email address was a fair way to settle Mr R’s complaint.

Mr R disagreed, he believes that his rights under the DD guarantee were not respected and is unhappy with Nationwide’s handling of the matter. Mr R disputes that the energy supplier

is no longer trading but rather that it is now trading under a different name following a change of ownership. Mr R has been in touch with the energy company as advised by Nationwide but was told all DD's were transferred over to it from Mr R's original supplier in 2021 and that it hasn't received a DD indemnity claim from Nationwide. Mr R says that he's had an ombudsman's ruling in his favour regarding this matter and that it advised that the outstanding amounts should be refunded under the direct debit guarantee. Mr R has asked for an ombudsman's decision on the matter.

I issued my provisional decision on 29 July 2024. In my provisional decision, I explained why I was proposing to uphold Mr R's complaint. I invited both parties to let me have any further submissions before I reached a final decision. Nationwide have accepted my decision and overall Mr R has accepted my findings, but doesn't agree with the amount of compensation recommended and has asked for an uplift on this. Mr R has also provided further submissions for consideration.

### **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.

In my provisional decision I said that:

*"It might help if I explain here my role is to look at the problems Mr R has experienced and see if Nationwide has done anything wrong or treated him unfairly. If it has, I would seek – if possible - to put Mr R back in the position he would've been in if the mistakes hadn't happened. And I may award compensation that I think is fair and reasonable.*

*It is clear to me that something has gone wrong for Mr R and that a direct debit mandate was set up wrongly by the energy supplier. Despite the DD being cancelled with the merchant another was set up and three payments were collected from Mr R's Nationwide account in June/July and August 2017 – the latter of which Mr R successfully raised a DD indemnity claim and was refunded for.*

*Mr R now wants to raise a DD indemnity claim for the outstanding payments (two payments of £68 taken in June and July 2017). From the information I've seen I'm satisfied these two payments were taken in error without Mr R's consent, however Nationwide have rejected the DD indemnity claim on the basis that Mr R's energy supplier no longer existed on its DD indemnity claim system as the original supplier no longer exists.*

*While I accept the original energy supplier may no longer exist in the same form the evidence shows that this supplier was acquired by another in 2021. At the time customers were told that they didn't need to do anything – that DD payments would be transferred over and payments by DD are protected by the DD guarantee still.*

So on this basis we went back to Nationwide and asked:

1. *Why it can't raise a direct debit indemnity claim using the energy company that took over the original energy supplier as the originator? and*
2. *As a way to bring this protracted matter to an end for Mr R, would Nationwide be willing to settle the complaint by refunding the two wrongly taken payments of £68 (£136) and compensate him a further £50 for the distress and inconvenience.*

*In Nationwide's response on 25 June 2024, it confirmed that its DD team have discussed Mr R's case with the energy company and that it has confirmed that it can submit a claim under the new service user.*

*Nationwide have now done this and say if the claim is successful and that once it receives settlement from the energy supplier it will send the refund by cheque to Mr R and estimated this to be around 17 July 2024. It said that once the outcome of the DD indemnity is known it would review this services comments in full. Despite chasing Nationwide further this service hasn't had a response.*

*So it seems clear to me that there was more Nationwide could do to assist Mr R – in seeing it if it could raise a DD indemnity claim using the energy supplier that took over the original company - but failed to do so. Nationwide has now taken this step and so I consider Mr R is now in the position he should be in if Nationwide had done what it should have. But Mr R has also been inconvenienced in having to pursue this matter with Nationwide and then also to this service. And so for that I currently think Nationwide should compensate Mr R £100 – an increase on the £50 I initially thought.”*

Mr R has confirmed that he has now received a cheque from Nationwide for the for the two wrongly taken payments and so I consider Mr R has been put in the position he would've been in if Nationwide hadn't done anything wrong or treated Mr R unfairly.

Mr R has provided further submissions and information to this service which I have considered but I believe most of this falls outside the remit of the complaint Mr R raised with Nationwide and this service and so I won't be considering this further. I have considered Mr R's submissions regarding an uplift in the compensation of £100 but I'm not persuaded an uplift on this is warranted, as my role isn't to punish or penalise businesses for their performance or behaviour – that's the role of the regulator, in this case the Financial Conduct Authority.

So it follows I uphold Mr R's complaint and direct Nationwide to pay Mr R £100 compensation for the distress and inconvenience caused by not doing more to support Mr R in his direct debit indemnity claim.

### **My final decision**

For the reasons I've explained, I uphold Mr R's complaint against Nationwide Building Society.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 3 October 2024.

Caroline Davies  
**Ombudsman**