

The complaint

Mr J complains that Nationwide Building Society has refused to refund a direct debit payment.

What happened

Mr J says he transferred his account to Nationwide from a business I will call "C". He says a direct debit payment of just over £220 to a business I will call "A" was also transferred. Mr J says he was in dispute with A about treatment cover and that C refunded a number of payments he made to it, but Nationwide would not for an October 2022 direct debit. He would like that money refunded as A hasn't provided the service he paid for.

Nationwide says this is a clear dispute between Mr J and A and that the Direct Debit Guarantee doesn't apply in those circumstances. It says the letter Mr J has provided from A says that it has agreed to cancel the policy but is dated in 2023 some time after the direct debit was authorised in October 2022.

Mr J had brought his complaint to us, and our investigator's final view was that Nationwide didn't make a mistake. The investigator thought Mr J may have received a refund in any event and thought this was a dispute between him and A.

Mr J doesn't accept that view and says the refund in question was from C not A. He maintains A hasn't provided the service he paid for and questions why C would refund the payments but not Nationwide.

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 have come to the overall view that I don't uphold this complaint. I appreciate Mr J will be disappointed by my decision and appreciate how strongly he feels about what took place.

The Direct Debit Guarantee (DDG) protects a customer in the event of an error with for example the amount taken or on the wrong date. The DDG is clear that it's not designed to address contractual disputes between the parties.

I'm satisfied that it's clear Mr J was in dispute with A and that is not in dispute. I have seen some of the letters between Mr J and A and can see he has made formal complaints about A. So, I'm satisfied that Nationwide was entitled to conclude that Mr J's request to refund the direct debit was based on his dispute with A and so not something covered by the DDG. I'm also satisfied that Nationwide correctly concluded that it didn't have any grounds to request a refund under the DDG.

I appreciate Mr J has given us a letter from A dated in 2023 confirming the policy is now cancelled and the cancellation has been backdated to 2022. I don't think that letter has any

impact on my decision here as the key date is October 2022 when the policy was in force. If A has now cancelled the policy, then no doubt Mr J will ask it to refund any premiums, but I make clear that is not something I require Nationwide to do for the reasons set out.

I don't think the issue about any possible refund to Mr J's account in late 2022 is relevant. The key issue is if Nationwide made a mistake by refusing to refund the direct debit payment and I have made clear I find it had no grounds to refund the direct debit.

Overall, I'm satisfied that the DDG is clear, that it can't be used to resolve contractual disputes. There can be no doubt this was a contractual dispute between A and Mr J and that Nationwide could not refund the direct debit in those circumstances. I can't comment on what C may or may not have done as I can only consider the actions of Nationwide which I find were appropriate as well as fair.

It follows that I can't fairly order Nationwide pay Mr J the compensation he would like or refund the direct debit. I find this decision now brings an end to what we in trying to resolve this dispute informally can do.

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 J to accept or reject my decision before 18 August 2023.

David Singh
Ombudsman