

The complaint

Mr H is unhappy that Nationwide Building Society took a loan payment by direct debit after he'd settled the loan and so had no money left to repay.

What happened

Mr H called Nationwide and asked for a settlement figure for his loan. Nationwide gave a settlement figure to Mr H, and he then asked whether there was anything else he would need to do, such as cancel the direct debit which was in place to make the monthly loan payments. Nationwide then told Mr H that they would cancel the direct debit for him once the settlement payment had cleared.

Mr H then made the settlement payment to clear the loan. But Nationwide still took the next monthly direct debit payment, even though no money was owing on the loan. When Mr H contacted Nationwide about this, he was told it could take up to nine working days for them to reimburse his money to him. Mr H wasn't happy about this, so he raised a complaint.

Nationwide responded to Mr H and explained that when he'd asked them about the direct debit, they'd tried to explain to him that the next payment may already be in the process of being taken and that Mr H could deduct that amount from the settlement figure, but that Mr H had hung up the call while their agent was talking. As such, Nationwide didn't feel they'd acted unfairly or made an error. Mr H wasn't satisfied with Nationwide's response, so he referred his complaint to this service.

One of our investigators looked at this complaint. But they didn't feel Nationwide had acted unfairly in how they'd managed the situation and so didn't uphold the complaint. Mr H remained dissatisfied, so the matter was escalated to an ombudsman for a final 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.

Having done so, I'd like to begin by confirming that this service isn't a regulatory body or a Court of Law and doesn't operate as such. Instead, this service is an informal, impartial dispute resolution service. And while we do take relevant law and regulation into account when arriving at our decisions, our remit is focussed on determining whether we feel a fair or unfair outcome has occurred – from an impartial perspective, after taking all the factors and circumstances of a complaint into consideration.

I've listened to the call recording where Mr H obtains a settlement figure for the loan. After received the settlement figure, Mr H asks whether he needs to cancel the direct debit after settling the loan, and Nationwide confirm to Mr H that they'll do that for him.

Mr H then ended the call as Nationwide's agent begins explaining that because the next scheduled direct debit payment is upcoming, the process of applying for it may have already begun, meaning it may still be taken. And Nationwide have confirmed that their agent would

also have explained that if the next direct debit was taken it would be automatically reimbursed to Mr H within two weeks, or that Mr H could deduct the upcoming direct debit amount from the settlement figure he'd received from them if he preferred.

Unfortunately, this meant that Mr H ended the call without receiving all the relevant information about the direct debit. But Nationwide were trying to provide that information to Mr H when he ended the call. So, while I acknowledge that it's unfortunate that Mr H ended the call when he did, and so didn't receive all the information he required, I don't feel it constitutes an unfair act on the part of Nationwide.

Because Nationwide had begun process of applying for the direct debit before Mr H settled the loan, and before the balance of the loan was nil, that process wouldn't have been able to be stopped by Nationwide even had Mr H remained on the call and requested it.

This means the direct debit would always have been taken, which in turn means that Mr H's options were either to accept the later reimbursement of the direct debit or pay a reduced settlement amount. And while Mr H unfortunately ended the call with Nationwide before being told of these options, they are also outlined and explained on Nationwide's website.

Mr H is also unhappy at the timeframe given by Nationwide to reimburse the taken amount from him, and he feels that Nationwide should have processed an indemnity claim to return the money to him sooner, as per his rights under the direct debit guarantee.

But the direct debit guarantee entitles an individual to a full and immediate refund if an error has been made by the business taking the direct debit. And Nationwide didn't make any error here because the process of applying for the payment had begun before Mr H made the settlement payment and when a balance was owed on the loan – as explained above.

Finally, I also note that while Nationwide explained to Mr H that it could take up to nine working days to reimburse the direct debit to him, they processed the reimbursement in four working days. The nine-working day timeframe Nationwide gave to Mr H doesn't seem unreasonable to me, given there was no error here, but happily Mr H didn't have to wait for the full length of time he might have under that timeframe to receive his reimbursement.

It follows from all the above that I won't be upholding this complaint or instructing Nationwide to take any further action here. This is because I don't feel that Nationwide have done anything wrong and because I feel that Mr H not receiving the full information about the direct debit was an unfortunate – but not an unfair – consequence of his ending the call with Nationwide when he did.

I realise this won't be the outcome Mr H was wanting. But I hope he'll understand, given what I've explained, why I've made the final decision that I have.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 2 October 2023.

Paul Cooper
Ombudsman