

The complaint

Mr L complains that Bank of Scotland plc trading as Halifax won't refund his direct debit payments he made for council tax under the Direct Debit Guarantee (DDG) scheme.

What happened

Mr L says that in March 2022 he discovered there is no legal requirement to pay council tax and he has no obligation to pay this, so after numerous communications with his council, he says he knows they are acting unlawfully, and he would have never set up a direct debit had he known this information. Mr L contacted Halifax to raise an indemnity under the DDG scheme to have the payments made to the council refunded, but they did not refund him the money he paid for the council tax. Mr L made a complaint to Halifax.

Halifax did not uphold Mr L's complaint. They said they had located payments Mr L made for council tax through a standing order he set up in 2012. They said since then he'd changed the amounts of the standing order a number of times. Halifax said that as this was set up for him to transfer funds to the council and the length of time that this has been in place, he'd need to get in touch with the council to discuss a refund for the amounts if he feels they are due.

Halifax said while they understand Mr L's frustrations around the fact that they can't claim his funds back through a direct debit indemnity, having reviewed the information, they had made the correct decision. They said when they'd looked into this under the claim criteria, as he is in dispute with the council they are unable to raise this as a claim. They said the direct debit has been cancelled to prevent any further payments leaving to the council. Mr L brought his complaint to our service.

Our investigator did not uphold Mr L's complaint. He said in summary, the reason Mr L is seeking a refund under the guarantee, is because he doesn't feel he is legally obliged to pay for council tax. He said he would consider this to be a dispute, as it is about whether the payment(s) were due to them or not. As disputes are not covered by the guarantee, it appears the DDG wouldn't apply in Mr L's circumstances.

Mr L asked for an ombudsman to review his complaint. He said he has supplied evidence that the council have acted fraudulently regarding council tax, and this is not an opinion or feelings of his.

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.

Firstly, I'm aware that I've only summarised Mr L's complaint points. And I'm not going to respond to every single point made by him. No discourtesy is intended by this. It simply reflects the informal nature of our service as a free alternative to the courts. If there's something I haven't mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual point to be able to reach what I think is a fair outcome.

I'd like to confirm to Mr L that our service isn't a regulatory body, or a Court of Law and it 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.

As part of this complaint, I must make Mr L aware that I can only consider the actions of Halifax, and not the council. This is because the council's actions do not come under our jurisdiction to consider.

I've noted the strength of feeling that Mr L has that the council have taken council tax payments by direct debit from him unlawfully. And he's attempted to obtain a refund of these payments under the DDG scheme. But a dispute of the nature that Mr L describes here isn't covered by the DDG scheme. The purpose of the DDG scheme is to protect consumers if there is a mistake involving the payment of a direct debit that either the consumer has authorised – i.e. ensuring that the correct payment amount is taken in line with authority given by the consumer – or reimbursing direct debits that have been taken without a consumers authority.

Mr L is seeking a refund of the direct debit payments because he feels the payments that he had previously authorised to be taken by direct debit have in fact been taken unlawfully by his local council. So I'm satisfied that Mr L's dispute is about whether the council were legally permitted to request and receive the payments that Mr L authorised them to take by direct debit from his Halifax account. I note Mr L has also made several payments to the council via a standing order, however, a standing order is not covered under the DDG scheme.

Mr L hasn't sought a reimbursement from Halifax on the basis that he never authorised the payments in the first instance, but he did so on the basis that he now believes the council lacked the legal authority to request and receive the payments.

I'm satisfied that Halifax haven't done anything wrong or acted unfairly here by not refunding Mr L the payments he's made to the council under the DDG scheme. It appears the payments were for the correct amount, and Mr L isn't disputing these payments were collected for the wrong amount, rather that the council did not have the legal authority to take council tax payments.

The DDG wording shows "*It doesn't cover you if you have a dispute with the biller, or the company goes into administration*". So as this would be a dispute between Mr L and the council, a refund under the DDG scheme would not be applicable here. So it follows I don't require Halifax 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 Mr L to accept or reject my decision before 10 June 2024.

Gregory Sloanes
Ombudsman