

The complaint

Mr and Mrs T are unhappy that Bank of Scotland plc, trading as Halifax, won't reimburse direct debit payments that paid to a company after they'd stopped the direct debit.

What happened

In March 2022, Mr and Mrs T told Halifax to cancel a direct debit that was being paid from their account. However, Mr and Mrs T later noticed that, while no direct debit payments had been paid for two few months after they instructed Halifax to cancel it, Halifax had then resumed making direct debit payments to the company in question.

Mr and Mrs T weren't happy about this as they hadn't authorised Halifax to make those direct debit payments and because while Halifax had initially reimbursed the cumulative amount of the disputed payments to them, they had later debited that amount from their account, effectively cancelling the reimbursement. So, they raised a complaint.

Halifax responded to Mr and Mrs T and confirmed they had raised a direct debit indemnity claim with the company in question but that the company had challenged the claim and had demonstrated that the direct debits had been applied for by them legitimately. Mr and Mrs T weren't satisfied with Halifax's response, so they referred their complaint to this service.

One of our investigators looked at this complaint. But they didn't feel that Halifax had acted unfairly in how they'd managed the situation. Mr and Mrs T 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.

Mr and Mrs T have explained that they contacted Halifax in March 2022 and instructed them to cancel the direct debit that was set up on their account. And Mr and Mrs T contend that because Halifax had been instructed to cancel the direct debit, they had no authority to resume making the direct debit payments as they did.

Halifax dispute Mr and Mrs T's position and say that they didn't receive a request to cancel the direct debit as Mr and Mrs T claim. Halifax also note that the reason no payments were made for a few months was because the company to whom the direct debit was being paid had paused the direct debit for those few months.

In circumstances such as this, where the positions of a complainant and a respondent business contradict one another, I must decide – if I feel it's reasonably possible to do so – which version of events I feel is most likely to have taken place, on balance, and in consideration of all the information and evidence available to me.

In this instance, I find the version of events put forwards by Halifax to be the more persuasive. This is because Halifax have provided their contact notes for Mr and Mrs T

which don't include any request to cancel the direct debit in March 2022 as Mr and Mrs T claim. Additionally, Mr and Mrs T haven't provided any confirmation from Halifax that the direct debit had been cancelled.

It's also clear from Halifax's records and actions that when Mr and Mrs T contacted them in January 2023, having noticed that direct debit payments had resumed, that Halifax were paying the direct debit based on the original mandate which had been received in 2021. And so, it wasn't the case that Halifax had cancelled the direct debit in March 2022 and then reinstated it without Mr and Mrs T's authority a few months later.

When Mr and Mrs T did contact Halifax in January 2023, Halifax raised a direct debit indemnity claim with the company in question. Such a claim seeks to obtain a reimbursement from a company for taking direct debit payments incorrectly. But the company were able to demonstrate that Mr and Mrs T had never cancelled the direct debit with them and that therefore the resumption of the direct debit payments following the two-month direct debit pause hadn't been done in error.

It was for this reason – that the legitimacy of the disputed payments was demonstrated by the company to Halifax's satisfaction – that Halifax withdrew the reimbursement of the claimed amount from Mr and Mrs T account. And I note that it had been explained to Mr and Mrs T by Halifax that the reimbursement was conditional on it being found that the direct debit payments shouldn't have been taken and that the reimbursement would be withdrawn if the claim wasn't found in Mr and Mrs T's favour.

All of which means that I don't feel that Halifax have done anything wrong or acted unfairly here. This is because I'm not convinced that Mr and Mrs T did instruct Halifax to cancel the direct debit in March 2022 as they claim, given the absence of evidence to corroborate this claim. And this means I feel that it was fair for Halifax to honour the resumed payment requests received from the company under the existing direct debit mandate at that time, and for Halifax to withdraw the conditional reimbursement of the cumulative payment amount following Mr and Mrs T's unsuccessful direct debit indemnity claim.

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 Mrs T and Mr T to accept or reject my decision before 9 October 2023.

Paul Cooper
Ombudsman