

## **The complaint**

Mr S complains about the service he received from Lloyds Bank PLC in relation to two direct debit payments set up on his account; and a subsequent request to claim monies back in relation to those payments by way of a direct debit indemnity claim.

## **What happened**

Mr S holds a current account with Lloyds. He has a number of regular payments that debit and credit his account. Mr S says that back in 2008, he requested that Lloyds cancel two of his direct debits. But he says upon checking his account in 2020, he realised that payments were still being taken. So, he raised a direct debit indemnity reclaim with Lloyds. The indemnity claim was unsuccessful; and Mr S subsequently complained about both this and his instruction to cancel the direct debits not being followed. He wants the payments since that date refunded.

Lloyds responded. They apologised for failing to lodge Mr S's complaint correctly initially, and said there had been delays in doing so. In response to his complaint, they said the indemnity claim had been raised under the BACS indemnity claim scheme, but as the direct debits failing to be cancelled seemed to relate to a potential branch error, rather than a BACS error, the monies were therefore not recoverable under the scheme. They did, however, agree to credit Mr S' account with £100, as compensation for the overall poor service provided, which included issues in lodging the complaint initially, and Lloyds agreeing to raise a direct debit indemnity claim when it should've been clear this would not be successful.

In relation to Mr S's complaint about the direct debits themselves not being cancelled, Lloyds said they had no records to suggest that they had failed to carry out any historic requests. But they said that as Mr S has brought his complaint about this matter more than six years after the date of the event, and more than three years after the date upon which he became aware, or ought reasonably to have become aware he had cause to complain, it was therefore not a complaint that our service had the power to decide. Unhappy with this, Mr S brought these matters to our service.

A decision has now been issued that sets out why our service is unable to consider Mr S's complaint about the original direct debit cancellation request. In relation to the remainder of Mr S's complaint, the investigator said she was not upholding his complaint about the direct debit indemnity claim, as she was satisfied that the request did not meet the terms of the scheme. She did, however, agree that the overall service provided by Lloyds fell short of what Mr S should've expected. But she thought that the £100 paid to Mr S, fairly compensated him for this. So, she didn't ask Lloyds to do anything more.

Mr S remained unhappy however, so the case been passed to me, an ombudsman, to decide.

## **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.

It has been explained to Mr S that his complaint about Lloyds not actioning his request to cancel his direct debits in 2008, does not fall within the jurisdiction of our Service. A decision has now been issued in respect of this, so I have gone on to consider the remainder of Mr S's complaint regarding the direct debit indemnity claim.

Mr S is unhappy that he hasn't been able to claim his monies back under the direct debit guarantee scheme. The scheme, however, is designed to protect customers in the event that there is an error with the payment of a direct debit, for instance if a payment is taken on the incorrect date, or the wrong amount is collected. In such instances, customers are entitled to a full refund of the amount paid from their bank or building society.

In this case however, there has not been an error in the payment itself. And Mr S's issue is with a branch of the bank failing to cancel a direct debit that he requested they cancel. It is not about an issue for instance with, the amounts being taken, or whether or not the payments were taken on the dates agreed. So, I'm satisfied the indemnity claim raised, was therefore fairly declined. I say this because instances such as this are not what the direct debit guarantee is set up to cover.

I do agree, however, that the Lloyds could've done more to manage Mr S's expectations in this regard, and also ensured that his complaint was logged correctly when it was initially raised. But I can see that they have paid Mr S £100 to compensate him in that respect. On balance, in the overall circumstances, I think this is fair compensation for their failings.

So, while I appreciate this may come as a disappointment to Mr S, for the reasons set out above, I won't be asking Lloyds to do anything further.

### **My final decision**

My final decision is that I do not uphold Mr S's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 26 October 2023.

Brad McIlquham  
**Ombudsman**