

The complaint

Mrs M complains about the payments that Premium Credit Limited has collected from her account under a credit agreement.

What happened

I've issued two provisional decisions on this complaint to Mrs M and to Premium Credit. In my first provisional decision that was dated 8 December 2020 I said:

- *"Mrs M had agreed to pay £3,836.60 to a caravan resort park in December 2019 and that payment was to be made under a credit agreement with Premium Credit;*
- *Premium Credit sent her a credit agreement in December 2019 by e-mail which included a repayment schedule and which showed that the first payment of £388.16 was already due and would be collected at or just after the end of the month and monthly payments of £383.16 would be collected at the beginning of each month from January to September 2020;*
- *Mrs M says that she didn't receive that e-mail and that she registered for an online account in early January 2020;*
- *Premium Credit collected a payment of £388.16 from Mrs M's account at the end of December 2019 and was going to collect a payment of £383.16 from her at the beginning of January 2020 which she says would have caused her account to become overdrawn so she complained to it;*
- *I'm not persuaded that there's enough evidence to show that Mrs M was aware, or ought to have been aware, that two payments would be collected from her account within two days – and I don't consider that that would have been fair or reasonable;*
- *nor do I consider that it was fair or reasonable for Premium Credit to have taken a payment from Mrs M's account before she'd taken some action to show that she accepted the credit agreement that it had sent to her;*
- *our investigator recommended that: Premium Credit should rework the credit agreement so that the first repayment was due at the beginning of January 2020; the payment that was to be taken from her account in December 2019 should move to the end of the agreement; it should remove any default charges and adverse information that may have been recorded about those payments; and pay her £100 for the trouble and upset she's been caused;*
- *Premium Credit says that the credit agreement has been cancelled, Mrs M only made one payment of £388.18 to it - and that was refunded to her in January 2020 - and that there are no arrears on her account;*
- *as the agreement has been cancelled with no arrears and the payment that Mrs M made has been refunded to her, I consider that it would be fair and reasonable in these circumstances for Premium Credit to remove any adverse information about the credit agreement that it has recorded on her credit file; and*

- *these events have caused some distress and inconvenience to Mrs M and I find that it would also be fair and reasonable for it to pay her £100 to compensate her for that distress and inconvenience”.*

Premium Credit responded to that provisional decision and said, in summary, that it sent four e-mails to Mrs M at the start of the credit agreement informing her when the repayments were due, they were sent to the correct e-mail address and she hadn't made it aware that the e-mail address was incorrect or requested for another e-mail to be sent. It's also provided a copy of the script that the caravan resort park, as the credit intermediary, was required to use when offering the credit agreement to a customer.

In my second provisional decision that was dated 21 January 2021 I said:

“Mrs M made one payment to Premium Credit – which has been refunded to her – and the agreement has been cancelled. It says that there are no arrears on her account and I’ve seen no evidence to show that it has recorded any adverse information about the credit agreement on her credit file. I consider that to be a fair and reasonable outcome and, having carefully considered the additional information that Premium Credit has provided, I’m no longer persuaded that Mrs M’s complaint should be upheld.

It’s clear that Mrs M didn’t properly understand when the payments would be collected – I sympathise with her for that and consider that Premium Credit could have done more to clearly explain to her the dates that the payments would be taken – but I’m not persuaded that there’s enough evidence to show that it has acted incorrectly.

I don’t consider that it would be fair or reasonable for me to require Premium Credit to pay any compensation to Mrs M for her distress or inconvenience or to take any other action in response to her complaint”.

So subject to any further representations by Mrs M or Premium Credit, my provisional decision was that I wasn't minded to uphold this complaint.

Mrs M has responded to my provisional decision in detail and says, in summary, that:

- she wasn't sent a credit agreement to sign until January 2020 and has provided a copy of the message that she received from Premium Credit about a letter that was available in her online account so she couldn't be expected to start a payment schedule for the 1st of the month before but it had already taken one payment from her account in December 2019 for arrears from the beginning of that month and then attempted a second payment in January 2020 before she'd received its message;
- she hadn't agreed to or signed the agreement and was sent endless letters threatening her with charges and asking her to pay immediately and threatening her about the consequences of not paying;
- she was already in ill health and receiving counselling and Premium Credit acted without professionalism and threatened her because it was unable to take funds from her bank as she had cancelled her direct debit and this isn't a case of her not understanding the payment schedule;
- she didn't apply for credit until mid-December 2019 so she couldn't have already been in arrears in December 2019; and
- Premium Credit has recently also deducted £372 from her account with the caravan park without any explanation – she's provided a statement for her account showing

that payment and says that the caravan park has told her that Premium Credit recalled in December 2020 the payment that it had credited in March 2020.

Premium Credit says that it has looked at the statement and the entry of £372 in December 2020 looks like a credit to Mrs M's account, rather than a debit, and the £372 doesn't relate to anything showing in its records. It's provided a statement for Mrs M's account with it showing all payments made and that her agreement was cancelled in March 2020.

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'm not persuaded that I should change the outcome that I recommended in my second provisional dated 21 January 2021.

Mrs M had agreed to make her payments to the caravan park using a credit agreement with Premium Credit and it had created a payment schedule for her to make those payments. It's provided evidence to show that it sent e-mails to Mrs M about that payment schedule but she says that she didn't receive them and didn't sign the credit agreement.

Mrs M received a message from Premium Credit about her account in January 2020 but by then it had collected a payment from her and had tried to collect another. Mrs M says that Premium Credit sent endless letters to her and threatened her about the consequences of not paying – but I'm not persuaded that there's enough evidence to show that it acted incorrectly in its dealings with her.

Premium Credit has refunded to Mrs M the payment that it collected from her and has cancelled her agreement. It says that there are no arrears on her account and I've seen no evidence to show that it has recorded any adverse information about the credit agreement on her credit file.

I sympathise with Mrs M for her health issues and for the distress and inconvenience that she's experienced as a result of these events, but I'm not persuaded that it would be fair or reasonable for me to require Premium Credit to pay any compensation to her – or to take any other action in response to her complaint.

Mrs M's statement from the caravan park shows a rent direct debit in December 2020 that was paid to Premium Credit for £372. I don't agree with Premium Credit that it's a credit to her account and nor do I agree with the caravan park that it's a reversal of the credit of £388.16 that Premium Credit applied to Mrs M's account in March 2020. Premium Credit says that the £372 doesn't relate to anything showing in its records.

The payment of £372 was applied after Mrs M had complained to this service so didn't form part of her original complaint and I'm unable to make any findings about it as part of this complaint. If Mrs M now wants to complain about that payment she should first make a complaint about it to Premium Credit and then, if she's not satisfied with its response, she may be able to make another complaint to this service.

My final decision

For these reasons, my decision is that I don't uphold Mrs M's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 2 April 2021.

Jarrold Hastings
Ombudsman