

## **The complaint**

Mr B has complained that Premium Credit Limited are withholding a refund he is due after they cancelled their agreement.

## **What happened**

In 2019, Mr B took out a regulated credit agreement with Premium Credit Limited to pay for a football season ticket.

Mr B's first repayment, of £130.85, went through OK. But his second payment bounced while he was on holiday, and by the time Mr B paid the second payment it was past the deadline.

Premium Credit cancelled the agreement and refunded the second payment, but kept the first one.

Mr B explained that because the agreement was cancelled, he didn't actually get provided with the season ticket. He provided evidence from the football club showing that he bought his season ticket separately by paying for it in full, after Premium Credit had cancelled the credit agreement.

Premium Credit claimed that they didn't even know what service the credit agreement was for, and that for all they knew Mr B could have received what he paid for. Therefore they didn't feel they should refund the money they took.

Our investigator looked into things independently and upheld the complaint. They pointed out that Premium Credit clearly did know what the agreement was for as the documents that they themselves sent Mr B set out that it was for the football club. They explained that Mr B had evidenced he'd had to buy the season ticket separately as he didn't get it through his cancelled credit agreement. They said Premium Credit should refund the payment they've held onto and add simple compensatory interest.

Premium Credit didn't agree. They insisted that Mr B should get the football club to contact them and prove he didn't receive the initial season ticket, despite the evidence already provided. The complaint was passed to me to decide.

I sent Premium Credit and Mr B a provisional decision on 12 May 2021, to explain why I thought the complaint should be upheld. In that decision, I said:

*Premium Credit must be able to show that they were entitled to hold onto Mr B's money. That means the onus is on them – and not Mr B – to show whether he got the service he paid for or not. In other words, it was not fair or reasonable for Premium Credit to have kept Mr B's money for something that they could not evidence he actually received.*

*This is especially the case when the evidence strongly suggests that Mr B did not get what he paid for. Mr B has forwarded proof from the football club that he ended up having to pay for his season ticket separately and in full. This was done after Premium Credit cancelled the agreement, and the ticket was in Mr B's name, not anyone else's. I do not think that Mr B would've paid for the season ticket a second time if he had already received it via the Premium Credit agreement. Further, we know that Mr B wasn't able to use any season ticket during the period where the credit agreement was still in place, since that was all during the off-season where there were no games to go to.*

*If Premium Credit want further evidence from the football club, then it is for them to contact the club and get such evidence. But as things stand, I cannot see that Premium Credit are entitled to withhold Mr B's funds, and the evidence shows it's by far most likely that he did not get the season ticket he paid for via Premium Credit.*

*It follows, then, that I currently plan to direct Premium Credit to refund the £130.85 they have kept, and to add 8% simple interest for the duration that they've kept it – to compensate Mr B for the time he's been without his money.*

*Of course, if in response to this provisional decision (and before the deadline) Premium Credit provide evidence which shows that Mr B received the season ticket via the credit agreement and was able to use it before it was cancelled, then I'll be happy to reconsider this point.*

*I have also considered how Premium Credit handled things more generally. From what I can see, they failed to engage with the matter and do not appear to have been helpful or proactive – and this would have been really quite simple for them to have resolved at the time. It is disappointing that they allowed it to get to this late stage – Mr B should not have needed to come this far just to get a refund of a payment that Premium Credit have not even shown they're entitled to keep. Indeed, Mr B has now been waiting nearly two years to get his money back. I understand that this has been most inconvenient for him, and that he found the matter stressful. I think Premium Credit need to compensate Mr B for the distress and inconvenience they caused.*

I said I'd consider anything else anyone wanted to give me – so long as I received it before 9 June 2021. But neither Premium Credit nor Mr B sent me anything new to consider.

### **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.

Neither side have sent me any new evidence or arguments. So having reconsidered the case, I've come to the same conclusion as before.

### **Putting things right**

I direct Premium Credit Limited to:

- Refund the £130.85 payment to Mr B.

- Pay Mr B 8% simple interest on this amount, calculated from the date the agreement was cancelled until the date the payment is returned to Mr B\*.
- Pay Mr B a further £100 compensation for the trouble and upset they caused him.

\*HM Revenue and Customs requires businesses to take tax off this simple interest. Premium Credit must give Mr B a certificate showing how much tax they've taken off if he asks for one. Mr B can claim the tax back from HMRC if he doesn't pay tax.

### **My final decision**

I uphold Mr B's complaint, and direct Premium Credit Limited to put things right in the way I set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 7 July 2021.

Adam Charles  
**Ombudsman**