

## **The complaint**

Mr F is unhappy that Premium Credit Limited (PCL) didn't do more to support him with his repayments on a running account credit agreement, when he got into financial difficulty after the start of the Covid-19 pandemic.

## **What happened**

Mr F had a private hire motor insurance policy, which was arranged through a third party in January 2020. PCL provided him with the finance to pay for the annual premium.

Mr F says that in March 2020 he had to stop work due to the Covid-19 pandemic. He contacted the third-party broker to ask for a payment holiday and says he was told to contact PCL.

He did this in April 2020 after his April payment bounced twice. He was written to, but he says he was only offered a five-day payment deferral and was told he had to contact the broker who administers the policy, for a payment holiday. He was also told that he could cancel his policy but that it would cost £200. Which he says he couldn't afford.

The May payment was charged and then the credit agreement was cancelled by PCL in May 2020. Mr F was unhappy and complained to PCL. He said he hadn't used his policy and wasn't given enough support despite them knowing his difficult circumstances at the time.

PCL responded to say that they had treated Mr F fairly. They said that any payment deferral or arrangement would have needed to be agreed with the broker. They also said that they weren't responsible for applying any cancellation charge. Mr F remained unhappy and didn't think that PCL had done enough to support him.

Our investigator looked into it. She said she didn't think that PCL had given Mr F the right guidance at the right time, to support him. Whilst there wasn't FCA Covid guidance in place at the time, they could have explored other options with Mr F such as payment deferrals or cancelling the agreement sooner. She felt that although there was still an amount owing towards the insurance, this could have mitigated some of the distress and inconvenience Mr F suffered. She was of the opinion PCL should pay Mr F £150 compensation for not looking into other options of support with Mr F.

Mr F responded to say that he was happy with the outcome reached by the Investigator. However, PCL didn't agree. They maintained that the advice and support they gave Mr F was appropriate. They said that they had an arrangement with the broker, that they could consider financial difficulty and grant support such as payment deferrals, instead of PCL. As no agreement could be reached, the case was passed to me 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.

Having done so, I agree with the outcome reached by the Investigator. I'll explain why.

When Mr F contacted PCL in April 2020, the difficult circumstances he was in were clear. The start of the Covid-19 pandemic meant he wasn't able to start work as a private hire driver, as intended. This had denied him of the income to pay for this policy.

I appreciate that at this time there were not yet any Financial Conduct Authority (FCA) published guidelines for supporting customers facing difficulties due to Covid-19. However, there was pre-existing regulatory guidance for firms, when helping customers in financial difficulty. This was set out by the FCA in the Consumer Credit Sourcebook (CONC). I have thought about whether PCL did enough regarding this, and I don't think it did.

PCL were Mr F's credit provider and he had just been referred to them by the broker responsible for administering the insurance policy, after spending much time on the phone attempting to get support. There was a requirement on PCL to treat Mr F positively and sympathetically, but I can't see that they did that. Instead referring Mr F back to the broker.

PCL did waive the default payment and ultimately the credit agreement was cancelled in May 2020. I am mindful that PCL had an arrangement with the broker, so it required the broker to consider forbearance when Mr F explained his financial difficulty. The broker, therefore, shouldn't have referred Mr F to PCL. The broker should have explored other support options but didn't do so. However, the broker was acting on PCL's behalf. So, PCL is responsible for this not happening.

With the broker not doing this, the right thing for PCL to have done in April 2020 was to assess Mr F's circumstances and whether he could afford to pay the monthly payments. As Mr F was out of work and couldn't have been sure of his return, PCL could have considered payment deferrals or ultimately cancelled the agreement, without having to go back to the broker.

I can't be sure what Mr F would have done if PCL had explained this as the best option for him in April 2020. However, the agreement was ultimately cancelled anyway shortly afterwards, with the same charge. Despite this, I do think Mr F could have been treated more positively and sympathetically and that this caused him further distress and inconvenience.

PCL have said it was right to refer Mr F back to the broker, who is the service provider. They say this ensures customers only need to contact them for any changes. Whilst I appreciate the broker and service provider could have assessed Mr F's circumstances and discussed options, I agree with the Investigator that this wasn't the right thing to do. Mr F wasn't looking for support with his insurance policy, but with his repayments of his finance agreement. Responsibility for this rested with PCL as the finance provider. Mr F had already been on the phone with multiple people and was looking for support. It wasn't fair to refer him back again,

when PCL were capable of providing the support themselves. I think £150 is fair compensation for the distress and inconvenience this caused.

### **My final decision**

My final decision is that I uphold the complaint and I require Premium Credit Limited to pay Mr F £150 compensation for the distress and inconvenience it caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 30 April 2022.

Yoni Smith  
**Ombudsman**