

The complaint

Mr E has complained about Premium Credit Limited, the finance provider for a student's insurance policy which he had initially arranged whilst attending university.

What happened

Mr E was at university and arranged a student's insurance policy. He wanted to pay monthly and this was facilitated by a running account finance agreement provided by Premium Credit. Mr E didn't realise that the insurance policy was set up to auto-renew and whilst he left university in the summer of 2021, the policy renewed. And with the running account credit facility in place, Premium Credit financed the further year's premium and took the monthly repayments from Mr E's nominated bank account. When the payments were noticed, the direct debit was cancelled, causing Premium Credit to write to Mr E.

When Mr E became aware there was an insurance policy in place for him still, which Premium Credit was taking money for, he told his broker he was no longer a student and hadn't intended to renew the policy. The broker said he should ask Premium Credit for a refund. As Mr E was also unhappy as he felt that Premium Credit hadn't made him sufficiently aware that it would be taking further money from his nominated bank account, he complained to it. But Premium Credit didn't feel it had done anything wrong, it said it had emailed Mr E around the time of the policy renewal to advise of the further payments, although it couldn't provide a copy email. Mr E complained to us.

Our investigator felt it was most likely that Premium Credit had emailed Mr E regarding the further payments it was going to take. But she also felt that the agreement with Premium Credit really ran secondary to the insurance policy. Taking everything into account she didn't feel it would be fair or reasonable to uphold the complaint against Premium Credit.

Mr E said he had asked his broker about a refund, but they had referred him to Premium Credit. He said really this came down to whether he was believed – that he did not receive an email from Premium Credit, or Premium Credit was believed – that one was sent. His complaint was passed for consideration by an ombudsman.

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.

I can see that Mr E is frustrated by Premium Credit's position in respect of his complaint. But, similar to our investigator, I bear in mind that the finance agreement ran secondary to the insurance policy. If the insurance had not renewed, then no further money could or would have been taken by Premium Credit. And whilst I see Mr E has spoken to his broker about a refund, I don't know if he has approached the insurer for the policy direct. Or whether he has put to either of them the premise that an insurer can't reasonably keep premium payments for a risk it wasn't actually offering cover for. I'm not persuaded that Premium Credit did anything wrong in continuing to offer a facility that had reasonably been arranged previously and it had not been told to stop providing. Where, in fact, the broker had notified it that the insurance policy had renewed.

I believe Mr E when he says he has not seen and cannot find an email from Premium Credit, advising him of the further payments. But I also have no reason to disbelieve that Premium Credit sent him an email. There might be any number of reasons why a sent email is not seen or received. And Premium Credit, generally speaking, isn't liable for ensuring that the communications it sends are received. I'm not persuaded that Premium Credit failed Mr E in this instance.

My final decision

I don't uphold this complaint. I don't make any award against Premium Credit Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E to accept or reject my decision before 23 June 2022.

Fiona Robinson

Ombudsman