

The complaint

Mr H complains about how PSA Finance UK Limited ("PSA") managed and administered his hire purchase agreement ("agreement").

What happened

In January 2019 Mr H entered into an agreement with PSA for a new car. The cash price of the car was £31,241.82 and the cash price of insurance(s) was £349 – making a total cash price of £31,590.82.

Under the terms of the agreement, everything else being equal, Mr H undertook to make an advance payment of £12,445, 36 monthly payments of £173.55 (£170.39 plus £3.16) and a final payment of £16,013.91 (£15,722 plus £291.91) making a total repayable of £34,706.71 (£34,301.04 plus £405.67) at an APR of 5.9%.

On 4 January 2019 Mr H paid £12,445. Between 3 February 2019 and 3 January 2022 inclusive Mr H paid 36,247.80 (36 x £173.55) leaving a balance outstanding of £16,013.91 payable on, or before, 3 February 2022.

On 6 October and 6 December 2021 PSA wrote to Mr H to outline his end of agreement options which included the following:

"If you'd like to buy your car at the end of your contract, all you need to do is make your final payment of 16,103.91 GBP on 03/02/2022. If you pay by Direct Debit, we'll apply for this automatically on the day."

On 14 January 2022 Mr H advised PSA that he was going to exercise his right to purchase the car and would like to send it a cheque/draft for £16,103.91.

On 26 January 2022 Mr H advised PSA that he had sent it a cheque/draft for £16,103.91 (dated 24 January 2022).

On 28 January 2022 PSA received from Mr H his cheque/draft for £16,103.91.

On 4 February 2022 Mr H contacted PSA to say it had collected from his bank account (by way of direct debit) the sum of £16,103.91 meaning he had paid twice to purchase the car, once by cheque and once by direct debit.

On 14 February 2022, and after a number of communication exchanges between PSA and Mr H, PSA confirmed to Mr H that it had refunded to his bank account the sum of £16,103.91.

Following the refund of £16,103.91 PSA offered Mr H £50 compensation for any distress and inconvenience its decision to 'take payment twice' had caused him as well as agreeing to refund any bank charges he had incurred (as a result) and could evidence.

Unhappy with PSA's response Mr H complained to our service.

Our investigator upheld Mr H's complaint and found that PSA should pay him £150 for the distress and inconvenience its decision to take payment twice had caused. PSA accepted the investigator's findings, but Mr H didn't. Therefore, Mr H's complaint has been passed to me for review and 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 can confirm that I've come to the same overall conclusion as the investigator and for broadly the same reasons. There is also very little I can usefully add to what has already been said.

First I would like to make clear to Mr H to that we're not the regulator of financial businesses, so we don't fine or punish businesses or monitor how they are operating in general or should do so in the future. That's the job of the Financial Conduct Authority. My role is to look at what's happened in an individual case and seek to provide a fair and reasonable outcome.

Secondly I want to assure Mr H that I've reviewed everything on file. And if I don't comment on something, it's not because I haven't considered it. It's because I've concentrated on what I think are the key issues. Our powers allow me to do this.

I don't underestimate the distress and inconvenience this whole matter has caused Mr H. But given Mr H hasn't said that he suffered any 'direct' financial loss as a result of PSA taking payment twice (such as bank charges or interest), when the direct debit sum of £16,103.91 was returned to Mr H's bank account and that PSA confirmed to Mr H, almost immediately, it would refund the direct debit sum of £16,103.91 (it was just how quickly it would be able to do so that was unclear) I'm satisfied that payment of £150 represents an appropriate compensation sum for PSA to have to pay Mr H in all the circumstances.

My final decision

My final decision is that PSA Finance UK Limited must pay Mr H, to the extent it hasn't already done so, £150 for the distress and inconvenience its decision to 'take payment twice' caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 16 September 2022.

Peter Cook
Ombudsman