

## **The complaint**

Miss H complains that Granite Finance Limited (Granite) charged her administration fees when her payments weren't made on time.

## **What happened**

Miss H took out an insurance policy in July 2022, and Granite provided a finance agreement to facilitate the repayment of the insurance policy premiums in monthly instalments by way of a continuous payment authority (CPA).

Miss H's payments failed in August 2022 and September 2022. She called Granite to make these payments shortly after they were due, and Granite waived the administration fees they'd charged on these occasions.

When Miss H's payment failed again in October 2022, Granite said the £25 administration fee was chargeable.

Miss H complained to Granite in October 2022 about the payments continually failing and the administration fee. Granite sent Miss H their final response to her complaint in November 2022. They said they were correctly making the payment requests using the details provided by Miss H, but they had been declined by her bank. So, they didn't think they'd made an error and didn't uphold Miss H's complaint.

Unhappy with this, Miss H brought her complaint to this service for investigation. She said there was no option for her to make her payments online, and she had to call to do this. Miss H said she'd been charged around £100 in late payment fees to date, and Granite had told her that she couldn't pay over the phone because there was a block on her account due to arrears, but her payments were up to date. Miss H said Granite told her they were no longer attempting to take payments using the CPA because of the block on the account.

Our investigator requested Granite's business file on 19 January 2023, 10 February 2023, 20 February 2023, and 7 March 2023 but didn't receive a response. So, in April 2023 she gave her view that based on the evidence available, there appeared to be an issue with the CPA which continued to fail each month and lead to late payment charges. There was no evidence provided by Granite to explain why the payments had failed, and so she couldn't say the charges had been applied fairly. Our investigator recommended that Granite remove the fees they'd charged Miss H for late payments. She also asked Granite to pay Miss H £150 compensation.

Granite didn't respond to our investigators view, so the case has been passed to me for a 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.

I've seen evidence that Miss H's payments through the CPA failed on a consistent basis, and that she was unable to make these payments through the online facility provided by Granite.

I've seen evidence that Miss H called on the payment due date each time that it failed in order to make the payment. So, I'm persuaded that she had the funds available and would have made the payments but for the problem with the CPA.

I'm satisfied on balance that it's likely there was a problem with Miss H's CPA, but I haven't seen any evidence to say what this problem was, or what Granite did to try and resolve it so that Miss H's payments could be collected in line with the agreement.

The failure of the CPA each month means that Miss H has been charged administration fees for late payments. All things considered; I'm not satisfied that these fees have been applied fairly. I can't say that the payments failed for a reason outside of Granite's control, or that they did enough to correct any error to prevent Miss H from incurring further fees for late payments.

So, I find that Granite should remove the fees they've charged and refund any fees Miss H has paid for late payments resulting from the failure of the CPA to collect Miss H's payments for the insurance policy taken in July 2022.

Our investigator recommended that Granite pay Miss H £150 compensation. Miss H has experienced distress and inconvenience in having to manually make her payments in month, attempting to resolve the problem with the CPA and concern about the fees being charged each month. Overall, all things considered, I'm satisfied that £150 fairly compensates Miss H for the distress and inconvenience caused.

### **My final decision**

My final decision is that I uphold this complaint and Granite Finance Limited must:

- Remove any fees for late payments resulting from the failure of the continuous payment authority used to collect the payments for the insurance policy taken by Miss H in July 2022.
- Refund any fees Miss H has paid for late payments resulting from the failure of the continuous payment authority used to collect the payments for the insurance policy taken by Miss H in July 2022.
- Pay Miss H £150 compensation for distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss H to accept or reject my decision before 15 November 2023.

Zoe Merriman  
**Ombudsman**