

The complaint

Mr A has complained that Premium Credit Limited collected a premium under a credit agreement after he had paid the balance for a commercial vehicle insurance policy in full.

He's unhappy that Premium Credit have asked him to refund the payment as it received an indemnity request from Mr A's bank after it had provided a refund – as effectively Mr A has received the refund amount twice.

What happened

Mr A bought a commercial vehicle insurance policy through a broker. He paid a deposit and set up a credit agreement to repay the balance in instalments.

Before the first instalment was due, Mr A paid the balance of the premium and asked the broker to ensure the credit agreement was terminated.

Premium Credit collected the first instalment. Mr A contacted the broker who contacted Premium Credit. Premium Credit arranged for a refund of the instalment back to Mr A's account.

However, Mr A had also asked his bank to request a refund of the instalment as an unauthorised transaction. So as well as providing a refund to Mr A, Premium Credit also provide a refund to Mr A's bank. This meant that Mr A had received a refund twice.

Premium Credit asked Mr A to refund the additional instalment to it. It said it was advised by the broker after the due date that Mr A had paid the balance in full. It said it had passed Mr A's complaint to the broker to investigate their delay in passing the information to Premium Credit.

Mr A didn't agree and raised a complaint. He said it wasn't his fault that the instalment was collected as he informed the broker before the due date and the broker should have informed Premium Credit. He said Premium Credit should liaise with his bank and the broker to resolve things.

Our Investigator didn't think Premium Credit acted unreasonably in requesting the refund of the additional instalment from Mr A.

Mr A didn't agree. He says he has been put to time and inconvenience since the instalment was collected in error. He doesn't think he should have to repay it.

Mr A wants an ombudsman to decide.

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.

When things go wrong, we look at what a business did to put things right and what the impact was on a customer.

In this case, Premium Credit arranged a refund promptly when made aware that Mr A had paid for his policy in full and the credit agreement no longer applied. So I think it acted reasonably. I appreciate there was some minor inconvenience for Mr A in having to make contact when the error occurred. But I don't think the inconvenience caused here was to such a degree as to warrant a compensation award by Premium Credit for distress and inconvenience.

As Premium Credit also provided a refund to Mr A's bank, Mr A has received the refund twice. And while I understand Mr A doesn't agree, I don't think it means Premium Credit isn't reasonably entitled to ask for the return of an amount equivalent to one instalment payment.

As Premium Credit advised in their response to Mr A's complaint, it passed his details to the broker to investigate any delay on their part – so Mr A may wish to contact them. As Premium Credit complied with Mr A's bank's request, I don't think it is for Premium Credit to look to obtain a refund from them instead of Mr A. Mr A is in receipt of the benefit of a refund twice. So I think Premium Credit is reasonably entitled to ask Mr A to repay the amount he owes.

My final decision

I'm sorry to disappoint Mr A, but my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 14 March 2024.

Geraldine Newbold
Ombudsman