

## **The complaint**

Miss R is unhappy that she was paying for a car maintenance package following a car order cancellation. She is also unhappy with the overall customer service she received from Select Contracts UK Limited ('SCL').

When I refer to what Miss R or SCL have said or done, it should also be taken to include things said or done on their behalf.

## **What happened**

In 2021, Miss R ordered a brand-new car – which I will call: 'Car 1'. In addition to ordering Car 1 she also took out a maintenance package through a third company – whom I will call: 'the Maintenance Package Company'. SCL acted as a credit intermediary/broker. Due to delays with the order of Car 1, Miss R chose a different car that would be available sooner – which I will call: 'Car 2'.

To acquire Car 2, Miss R entered into a hire agreement with a finance company. There was an initial payment of around £3,718 and monthly payments of about £620. SCL acted as a credit intermediary/broker for this agreement as well. Miss R took delivery of this Car 2 in November 2022.

In summary, Miss R said that when Car 2 was due its first service, it became apparent to her that she was paying around £30 for a maintenance package originally taken out for Car 1. The cost was being collected in addition to the Car 2 payment, but Miss R originally thought this was for the maintenance package for Car 2. Overall, Miss R was unhappy that SCL unfairly charged her around £450, so she raised this issue with SCL.

In April 2024, SCL wrote to Miss R. In summary, they said they would like to apologise for any confusion that has been caused. They said Car 2 already had a maintenance package included within the quotation, meaning the maintenance policy would form part of Miss R's finance agreement, and as such, it would not have a separate maintenance agreement. They also said that the maintenance package for Car 1 had not been cancelled. They said £305.65 had been refunded to Miss R. They said this included £455.65 of payments received less £150 for an administration fee. In this correspondence SCL said that whilst there was an oversight within the process, they believe it is important to clarify that it is also the customer's responsibility to ensure they are aware of the agreement they are entering into.

SCL said Miss R was advised the new finance agreement would include maintenance, therefore the other maintenance package would not have been required. SCL have also said they have reviewed their internal systems and processes to ensure issues such as those raised remain an anomaly. They said that as an introducing broker they are unable to demand that the company that was providing the maintenance package reimburse the outstanding £150, but as a gesture of goodwill, they would like to make an offer of a £150 one off payment to Miss R, to cover the outstanding amount. Meaning, Miss R will have been reimbursed the total amount of the maintenance package that was set up and paid in error.

Miss R was not happy, so she referred her complaint to Financial Ombudsman Service (Financial Ombudsman).

Our investigator was of the opinion that Miss R ought to have reasonably realised sooner that the additional funds were being taken from her bank account. And overall, the investigator felt that SCL did not need to take any further action in relation to this complaint.

Miss R did not accept the investigators' outcomes. So, the complaint has been passed to me to decide.

After reviewing the case, I issued a provisional decision on 24 February 2025. In the provisional decision I said:

***“What I’ve provisionally 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.*

*In considering what is fair and reasonable, I need to take into account the relevant rules, guidance, the law, and, where appropriate, what would be considered to have been good industry practice at the relevant time. Where evidence is incomplete, inconclusive or contradictory, I reach my findings on the balance of probabilities – which is to say, what I consider most likely to have happened based on the evidence available and the surrounding circumstances.*

*Miss R has very strong feelings about this complaint, and she provided detailed submissions in support of her view, as well as some details about her personal circumstances. I can confirm, I have read and considered the submissions in their entirety. But I have summarised this complaint very briefly, in less detail than has been provided, and largely in my own words. No discourtesy is intended by this. If there is something I have not mentioned, I have not ignored it. I have not commented on every individual detail. But I have focussed on those that are central to me reaching, what I think is, the right outcome. This reflects the informal nature of the Financial Ombudsman as a free alternative to the courts.*

*For starters, I should indicate that I think SCL should have contacted the Maintenance Package Company and cancelled the contract for Car 1’s maintenance when it was agreed that Miss R would no longer be acquiring Car 1 and instead decided to acquire Car 2. As this was not done, payments continued to debit Miss R’s bank account. Since then, I understand that the Maintenance Package Company refunded all payment that have been made, except for £150 which has been kept as an administrative charge. And I know that SCL have since apologised for any confusion that has been caused and said that there was an oversight within the process, so as a gesture of goodwill, they made Miss R an offer of £150, to cover the outstanding amount that was collected from her bank account. Meaning, Miss R will have been reimbursed the total amount of the maintenance package that was set up and paid in error. So, I have considered what they have offered when deciding if SCL have done enough and if they acted in a fair and reasonable manner.*

*I think making sure that Miss R has a full refund of all the payments made on the maintenance package for Car 1 is fair and reasonable. This is because the maintenance agreement had not been utilised, Miss R had no benefit of it, and SCL should have originally cancelled this when the car orders were switched. So, I think SCL should refund all payments made by Miss R towards the maintenance package for Car 1, if this has not been done already. And they should add 8% simple interest per year from the date of each payment to the date of settlement. This is because it is fair and reasonable that Miss R*

*should be compensated for being deprived of the money – that is, not having it available to use.*

*When considering the above and what other compensation might be due to Miss R, I have considered if she too should have done more to mitigate her losses.*

*Miss R said that from the payments on the account it was not clear that the money was for Car 1's maintenance package and she originally thought this was for the maintenance package for Car 2. But SCL said that whilst there was an oversight within the process, they believe it was also Miss R's responsibility to ensure she was aware of the agreement she was entering into. And, SCL have said that Miss R would have been sent communication from the Maintenance Package Company in relation to the terms of the agreement, stating that the policy was for Car 1. And I tend to agree, I think Miss R, most likely, could have done more to question the information contained in the documents she was provided at different intervals of the transaction, as it is generally held that when someone signs a document, they are taken to have read and understood it. And I can see the documents provided for Car 2 state the monthly rentals as £619.66 each, consisting of the hire rental at £577.26, and the service rental (maintenance) at £42.40. I think this ought to have alerted Miss R to the fact that the payment for the maintenance was different, as it was higher than the approximate £30 that was coming out of her bank account. I understand that there was some confusion at the time she switched from Car 1 to Car 2, but I think most likely, she could have raised this issue sooner than she did as there were signs that something was not right. So, I have taken this into consideration when thinking about the amount of money that should be paid to Miss R.*

*Overall, Miss R has told us about her personal circumstances, so I know that having to deal with this issue did cause her distress and inconvenience. When thinking about the impact of the situation on Miss R, I considered that I'm already directing SCL to pay 8% simple interest on each of the payments made and the fact that Miss R could have done a bit more to mitigate the impact the situation had on her. And, while I sympathise with Miss R for the difficulties that she is experiencing, based on all the available evidence and the specific circumstances of this case, I think it is fair and reasonable that SCL pay Miss R a total of £50 compensation to reflect the distress and inconvenience caused to her.*

### ***My provisional decision***

*For the reasons given above, I intend to uphold this complaint and direct Select Contracts UK Limited to:*

- 1. Refund all payments made by Miss R towards the maintenance package for Car 1 if this has not been done already;*
- 2. Add 8% simple interest per year from the date of each payment to the date of settlement;*
- 3. Pay Miss R a total of £50 for the distress and inconvenience caused.*

*If Select Contracts UK Limited considers that tax should be deducted from the interest element of my award, they should provide Miss R with a certificate showing how much they have taken off so she can reclaim that amount, if she is eligible to do so."*

*I asked both parties to provide me with any additional comments or information they would like me to consider by 10 March 2025.*

*Miss R did not respond.*

*SCL responded and accepted my provisional 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 also considered again my provisional findings. Having done so and considering neither Miss R nor SCL had any further information or comments to make, I see no reason to reach a different conclusion to what I reached in my provisional decision (copied above).

### **My final decision**

For the reasons given above, and in my provisional decision, I direct Select Contracts UK Limited to:

1. Refund all payments made by Miss R towards the maintenance package for Car 1 if this has not been done already;
2. Add 8% simple interest per year from the date of each payment to the date of settlement;
3. Pay Miss R a total of £50 for the distress and inconvenience caused.

If Select Contracts UK Limited considers that tax should be deducted from the interest element of my award, they should provide Miss R with a certificate showing how much they have taken off so she can reclaim that amount, if she is eligible to do so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss R to accept or reject my decision before 8 April 2025.

Mike Kozbial  
**Ombudsman**