

The complaint

Miss S complains about a refund of a monthly repayment she made to Close Brothers Limited trading as Close Brothers Premium Finance (“CBPF”) on a credit agreement she held with them.

What happened

In August 2024, Miss S renewed an insurance policy she held with a third-party insurance provider to insure a hotel. To pay for the policy, Miss S took out a credit agreement with CBPF to spread the cost of it monthly, rather than paying for it in a lump sum. The first payment under the renewed policy was in September 2024 for £332.25, plus a £15 facility fee. So, in September 2024, Miss S paid £347.25 towards the agreement.

The payment schedule was amended in October 2024 by the insurance provider and CBPF said they emailed Miss S and notified her of the change. The payment schedule was further amended by CBPF, following contact from a third-party acting on behalf of Miss S. CBPF said they explained that it was too late for the October 2024 payment to be changed as the request was made too close to the scheduled direct debit. And so, a manual payment was required for the October 2024 payment. CBPF also said they moved the scheduled November 2024 payment, which was due, to the end of the agreement to allow more breathing space with repayments.

A manual payment in October 2024 wasn’t made, and the next scheduled December 2024 payment also wasn’t made as the direct debit mandate had been cancelled.

CBPF issued a default notice to Miss S in December 2024 and explained that she was around £690 in arrears, due to the missed October and December 2024 repayments. Later, CBPF told Miss S that she had until the end of December 2024 to clear the arrears and they also waived a default fee they originally charged her.

An extension to the deadline to clear the arrears was given. But as the deadline passed without payment, the credit agreement was cancelled on 14 January 2025.

Towards the end of January 2025, CBPF received an indemnity claim from Miss S’s bank for the September 2024 payment she made towards the agreement. CBPF successfully challenged the indemnity claim.

Miss S complained to CBPF. In February 2025, CBPF issued their final response to Miss S and said they didn’t uphold her complaint. They said Miss S’s agreement with them was cancelled in January 2025 due to missed repayments. They also said that they hadn’t received an instruction from the insurance broker to refund any payments to Miss S. And they said that they challenged an indemnity claim from Miss S’s bank, which was successful. So, CBPF didn’t think that they had to refund Miss S the September 2024 payment she made of £347.25.

Unhappy with CBPF's response, Miss S referred her complaint to our service. Miss S complains that the policy was withdrawn as if it never existed, and so thought she should have her September 2024 payment refunded to her.

In CBPF's submissions, they explained to our service that they didn't think they were responsible for cancelling Miss S's insurance policy as it wasn't administered by them. And so, they didn't think they had done anything wrong.

Our investigator didn't uphold Miss S's complaint. In summary, our investigator said there was no evidence provided to suggest the insurance policy was withdrawn and that the insurance provider instructed CBPF to refund the September 2024 payment. As the September 2024 payment was taken in line with the agreed terms, the investigator didn't think CBPF had done anything wrong.

Miss S reiterated that the insurance policy was cancelled as if it never existed. Miss S also provided a screenshot of an email. The email between Miss S and the insurance broker suggested that Miss S was given the option to "*Not take up*" the policy and have her deposit refunded back to her by the credit broker. This would have meant that no cover would have been provided from August 2024 onwards. A further screenshot of a follow up email showed that the policy was then cancelled, and it said the deposit would be refunded to her.

Our investigator explained that this didn't change her opinion. She explained that she couldn't see that the insurance provider instructed CBPF to issue the refund and that CBPF ignored these instructions. She also said that CBPF were not made aware of the policy being "*not taken up*", but rather only instructed to amend the deadline for Miss S to clear the arrears on occasion.

As Miss S disagreed with the investigator's findings, the complaint was passed to me to decide.

The investigator, on behalf of myself, asked for further information from both parties. CBPF said that the insurance broker confirmed to them in February 2025 that the policy was not taken up and believed any refund of premiums would lie with the broker. CBPF provided a copy of an email they sent to the broker in February 2025, which informed the broker to look into matters in relation to any premiums which may be owed to Miss S.

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'm not upholding this complaint and I'll explain why below.

Miss S complains about a running account credit agreement. Entering into regulated consumer credit contracts such as this as a lender is a regulated activity. So, I'm satisfied I can consider Miss S's complaint about CBPF.

It's worth noting that my role here is to consider the actions of the credit provider, and not the insurance provider. While it may seem they are the same business, they are two separate entities. CBPF is not involved in the administration of the insurance policy. Similarly, my role isn't to consider the actions of the insurance broker. So, I can only consider whether CBPF has acted fairly in their role of providing credit to Miss S, which in turn has financed Miss S in taking out an insurance policy.

I have considered the terms that Miss S agreed to when she took out the agreement with CBPF. Within the terms, it says that Miss S must make the minimum payment to CBPF each month and on time. It also says:

"You authorise and instruct Us to forward the amount of each drawing to the... Broker or the insurer under the policy being financed."

Considering the above and that Miss S took out a credit agreement with CBPF to pay for an insurance policy, I think it is likely that the credit Miss S took out would have already been provided by CBPF, to the insurance provider, to pay for the cover that was active.

Later, the terms say:

"You authorise and instruct the Broker on Your behalf to... arrange for any refund of premiums following cancellation of a Relevant Policy...to be paid to Us (and We will credit those amounts to Your Account)."

So, I think the terms are clear in setting out that by agreeing to the terms, Miss S authorises the broker to arrange for any refund of premiums to be made to CBPF, who would then credit Miss S's account, if applicable.

In this instance, Miss S made a payment towards her agreement with CBPF in September 2024. At the time payment was made by Miss S, the policy Miss S held with the insurance provider was active.

So, the important distinction to make here is that Miss S owed CBPF for the cover provided for that month, not the insurance provider, as CBPF are the ones that lent her the money, which just so happened to be for an insurance premium.

In January 2025, Miss S's policy with the insurance provider was cancelled and not taken up. My understanding is that, this means that the proposed insurance policy never became active and didn't provide any coverage. And so, Miss S believes she should receive any premium made towards the agreement as the policy never became active and didn't provide any cover.

While I appreciate Miss S may have no longer needed the cover, and in turn no longer required the lending CBPF provided, I don't think it automatically follows that CBPF should refund Miss S for the September 2024 payment here. Because, as I've already said above, I think it is likely that CBPF would have already paid the insurer for it. And CBPF has confirmed to our service that they haven't received a refund for the money they gave towards the not taken up policy.

CBPF didn't cancel the insurance policy Miss S held, the insurance provider did. And the credit agreement which funded the policy was only cancelled in January 2025 due to missed payments. Considering the above, I can't fairly say that CBPF needs to refund this amount or that they have done anything wrong.

If Miss S feels she should receive her September 2024 repayment back, I suggest she gets in touch with the insurance provider or broker.

My final decision

For the reasons I've explained, I don't uphold this complaint. So, I don't require Close Brothers Limited trading as Close Brothers Premium Finance to do anything more here.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S to accept or reject my decision before 5 January 2026.

Ronesh Amin
Ombudsman