

The complaint

Mr B complains about an outstanding balance remaining on a credit agreement he held with Close Brothers Limited trading as Close Brothers Premium Finance ("CBPF").

What happened

In early April 2025, Mr B took out a goods in transit insurance policy with a third-party insurance provider. To pay for the policy, Mr B took out a credit agreement with CBPF to spread the cost of it over ten instalments, rather than paying for it in a lump sum. The cost of the cover was £272.87, and the total amount payable was £329.63. The first payment was due in mid-April 2025 for £32.96. Mr B made this scheduled payment towards the agreement successfully.

In the same month after the first payment was made, Mr B said his van that he used to supply goods broke down and couldn't be repaired. So, Mr B said he asked to cancel the goods in transit policy towards the end of April 2025. A few days later, Mr B received a letter from CBPF, explaining that his agreement was cancelled.

Later, in mid-May 2025, Mr B received another letter from CBPF, explaining that his agreement had been terminated and that they had transferred it to a third-party debt recovery company. Mr B was informed there was an outstanding balance of approximately £240 to pay. Mr B said this was the first time he was made aware that there was an outstanding amount left to pay.

Mr B didn't think it was fair that he was being asked to pay the outstanding amount when only a few weeks into the agreement there was an unforeseeable event (his van breaking down). Mr B was also unhappy that CBPF passed his agreement over to a debt recovery company in relation to the outstanding balance owed. And so, he complained to CBPF.

In June 2025, CBPF sent Mr B their final response where they explained they weren't upholding his complaint. Among other things, CBPF said that they received instruction from Mr B's broker to cancel the agreement, which they proceeded to do. CBPF also said they had paid Mr B's premium towards the policy in full upon the start of the finance with them. CBPF said they tried to liaise with the broker to obtain any refunds to reduce or clear the outstanding balance on Mr B's account, but they said they were informed that the broker didn't receive any refund of premiums from the insurance provider. And so, they said there was an outstanding balance owed to them of £239.91.

CBPF said that they don't collect outstanding balance from their customers directly and that they use third-party debt recovery companies to assist them, which is why it was passed on. CBPF also confirmed that no adverse information was recorded on Mr B's credit file.

Mr B asked CBPF how the outstanding balance was calculated and CBPF said they told him to contact the broker in relation to this, as they had no sight of the policy he took out, or any contact with the policy underwriter. And so, CBPF said they wouldn't be able to tell Mr B why there was a balance to be paid after the cancellation of the policy. CBPF said they only knew that the broker processed a shortfall claim to them in May 2025, which was subsequently

passed on to Mr B as they didn't receive any refunds to clear the outstanding balance on the account.

Unhappy with CBPF's response, Mr B referred his complaint to our service.

Our investigator didn't uphold Mr B's complaint. In summary, she said that she couldn't see that CBPF had made an error, especially considering that they didn't have any involvement in the level of refund Mr B should have received in relation to the premiums and whether this would have been enough to discharge him of his liabilities under the agreement he took out with them.

Mr B disagreed with the investigator's findings. Among other things, Mr B provided comments in relation to the terms of the insurance policy he took out with the third-party insurer, and not in relation to the credit agreement Mr B took out to fund the insurance policy. Mr B also thought the findings the investigator made were unfair and thought the communication he received from CBPF was misleading. As Mr B disagreed with the investigator's view, the complaint was passed to me 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.

Having done so, I'm not upholding this complaint, and I'll explain why below.

Mr B 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 Mr B'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 or broker. CBPF is not involved in the administration of the insurance policy. So, I can only consider whether CBPF has acted fairly in their role of providing credit to Mr B, which in turn has financed Mr B in taking out an insurance policy.

I have considered the terms that Mr B agreed to when he took out the agreement with CBPF. And below, I have quoted parts of the terms I think are relevant to this complaint. Under section eight, it says:

"If We or You terminate this Agreement You must pay Us... any Unpaid Amounts (including accrued interest which has not yet been debited to Your Account)."

I think the term above clearly explains that any outstanding balance is payable if the agreement is terminated.

Under a section called, "*This Agreement and the Facility*", it says:

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

CBPF also explained in their final response to Mr B that they had paid his premium in full to the broker at the start of the finance with them. Considering this, I'm satisfied that the credit Mr B took out would have already been provided by CBPF, to pay for the cover that was active. Later, under section ten, 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, Mr B authorises the broker to arrange for any refund of premiums to be made to CBPF, who would then credit Mr B's account, if applicable.

In this instance, CBPF said they received a shortfall notice from the broker in May 2025 for an outstanding balance owed. They also said that they liaised with the broker to obtain any refunds but were told that the refund the insurance provider received following the cancellation of the policy was not sufficient to clear the balance of Mr B's account with CBPF.

As explained above, I'm only considering the actions of CBPF, and they aren't involved in the administration of the policy. As no refund was given to CBPF to clear the outstanding balance on the account, I think it is fair and reasonable in the circumstance that CBPF contacted Mr B in relation to it.

Mr B is also unhappy that his agreement was transferred to a third-party company. While I appreciate Mr B's concerns here and that he was only informed about this a few weeks after being told his agreement had been cancelled, with no prior knowledge of an outstanding balance owed, I'm mindful that CBPF were also unaware that there was an outstanding balance owed until May 2025 as well. CBPF has also said that there had been no adverse impact to Mr B's credit file by the agreement being transferred to a third-party company. So, I think CBPF has acted fairly here, as it seems their transfer of the agreement to a third-party is only for operational reasons, which I think is reasonable.

Considering the above, I can't say that CBPF has acted unfairly in asking for the outstanding balance to be paid. If Mr B still requires clarity as to how the outstanding amount was calculated, I suggest he 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 Mr B to accept or reject my decision before 29 December 2025.

Ronesh Amin
Ombudsman