

complaint

Mr M complains about Premium Credit Limited's ("PCL") customer service which has caused him confusion and upset.

background

Mr M has an insurance policy with an insurer, ("E"). The monthly policy premium payments are paid via a credit account and administered by PCL. Mr M rang PCL on 19 August 2016 to check when his policy was due to be cancelled. He was told this would happen on 25 August 2016. He then rang PCL again on 24 August 2016 to pay and was told that PCL's agent had made an error on the previous call, and that the policy was due to be cancelled on 23 August 2016. But PCL said it would call E immediately to reinstate the policy and apologised for the confusion. Mr M asked PCL to email him E's response. PCL told Mr M that the issue would probably not be resolved until after the bank holiday (which was 29 August 2016). So, Mr M asked if he could use the money for the policy premium for something else in the meantime. PCL's agent said that she wouldn't say that and that this was up to Mr M, but it would require payment. Nevertheless, as Mr M thought that his payment wouldn't be needed until after 29 August 2016 because of what PCL had told him, he used the premium money to pay another bill on 24 August 2016.

PCL then rang E on 24 August 2016 and admitted the error it had made. E said that Mr M owed it two payments for July and August 2016, and these needed to be paid by 25 August 2016 for the policy to be reinstated. PCL tried to call Mr M to tell him this without response. It also emailed Mr M to tell him this in accordance with his request that it do so. But as Mr M had spent the premium money, he then had to send an email to E and PCL on 25 August 2016 to let them know why he was unable to make the due payment on 25 August 2016. E agreed to reset his policy on 26 August 2016. But, Mr M is unhappy that PCL's errors had misled him and caused him trouble and upset. He had been concerned that his policy had been cancelled and that he would lose his no-claims bonus. He was seeking substantial compensation.

The adjudicator concluded that although Mr M's policy had been reinstated, he could appreciate that there had been some miscommunication and inconvenience caused. He thought that PCL should pay Mr M £100 compensation for this. He'd listened to the calls between PCL and Mr M, and PCL and E. He could see that PCL had made an initial mistake in advising Mr M of the wrong cancellation date. He also thought that PCL's agent had given Mr M a false expectation about the payment not being required to be made the following day. But he noted that PCL's agent had emailed Mr M on the same day as his call, on 24 August 2016, in line with his request that it do so.

PCL agreed to pay Mr M £100 compensation as recommended in the adjudicator's view.

Mr M disagreed with the view. He didn't think that £100 compensation was enough, and he felt that he was being made to look like a liar. He also said he would seek legal advice.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Like the adjudicator, I've listened to the calls between Mr M and PCL, and PCL and E. I've set out above some of the details of those calls. I can see that an initial error about the policy cancellation date was made in Mr M's call with PCL on 19 August 2016. I can also see that PCL misled Mr M into thinking that his payment wouldn't be required until after 29 August 2016.

But I can also see that PCL didn't encourage Mr M to spend his money in the meantime and it said that the premium would need to be paid. I also note that PCL apologised for the error on 19 August 2016 in its call with Mr M on 24 August 2016. It also contacted E that day to try to rectify the situation and emailed the outcome of that call to Mr M that same day as per his request to do so. I think that it would have been reasonable for Mr M to have waited for PCL's email on 24 August 2016 before spending his money elsewhere. I can also see that the policy was reset up on 26 August 2016, that Mr M didn't lose his no-claims bonus as he had feared, and the monthly payments for his new policy were reduced. So, I can't see that Mr M has suffered financial loss.

I also note that PCL wrote to Mr M on 5 August 2016 to tell him that his July 2016 instalment was due and needed to be paid by 23 August 2016. The letter also said that E may take steps to cancel his policy. So, I think that Mr M should have been aware from that letter that payment needed to be made by 23 August 2016.

I can see that Mr M was upset about the delay in the receipt of the call recordings. But, I understand that it can take a little while to obtain these due to the volume of calls. So, I don't think that PCL acted unreasonably in this regard.

I appreciate that Mr M has been caused trouble and upset as a result of PCL's errors. But, I can see that his policy was reinstated on the day following his complaint, so the matter was resolved very promptly. And I also think that it would have been reasonable for Mr M to have waited for PCL's email before spending his premium money elsewhere. So, having carefully considered the circumstances of this case, overall, I think that £100 is an appropriate compensation award. I note that Mr M has said that he will seek legal advice. If Mr M doesn't wish to accept my decision, his legal rights remain intact.

my final decision

My decision is that I uphold this complaint in part. In full and final settlement of this complaint, I order Premium Credit Limited to pay Mr M £100 compensation. PCL must pay the compensation within 28 days of the date on which we tell it Mr M accepts my final decision. If it pays later than this, it must also pay interest on the compensation from the date of my final decision to the date of payment at 8% a year simple.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 13 February 2017.

Roslyn Rawson
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