

complaint

Miss D complains that Premium Credit Limited did not take the payments out of her account at the right time in respect of a credit facility she had with it to pay her insurance premiums. She says that this caused her to incur charges and led to the insurer cancelling her policy in May 2014, which greatly upset her.

background

Our adjudicator did not recommend this complaint be upheld. In summary, she noted that several of Miss D's direct debit payments to Premium Credit had bounced, but based on the evidence available she did not consider that Premium Credit was at fault for this, or for the insurance policy being cancelled. She noted that Premium Credit had refunded Miss D its late payment charges in any event.

Miss D disagrees with this assessment. In summary, she says that payments should have been taken on time as she set up a direct debit and there was enough money in her account.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

Where matters are unclear or in dispute I make my findings on the balance of probabilities – which is to say, what I consider most likely to be the case based on the available evidence and the wider surrounding circumstances.

From the evidence available I am satisfied that Premium Credit did attempt to take regular (and on time) payments from Miss D. However, I note that the payments did not always come out when they should have and there are several instances of transactions bouncing. Error codes have been supplied to explain why this happened.

In some cases this seems to be because Miss D did not have enough funds in her bank account. I do appreciate that Miss D has pointed to occasions on her bank statement where it seems like she did have enough funds in her account to make the payments. However, it appears that the statement may not always reflect the exact availability of funds at a given time.

Also our adjudicator investigated the error codes with Premium Credit and Miss D's bank. And found that some of the transactions bounced because of an error caused by the way that Miss D's bank handles direct debit requests rather than an error by Premium Credit.

I am not considering the actions of Miss D's bank in this complaint, however it is worth noting that it says it has refunded her the fees it charged for the direct debits being rejected.

Considering the information supplied to me, Premium Credit does not appear to have made an error here. I also note that it appears to have refunded Miss D the late payment charges it applied to her account in any event, which seems fair.

While I can appreciate that it was frustrating and distressing for Miss D to have her insurance cancelled, it does appear that Premium Credit sent her reasonable notice that (as a result of missed payments) her insurance may be cancelled by the insurer. In this same letter it also gave her an opportunity to bring her account up to date to avoid this happening. I find that Premium Credit has acted reasonably here. However, if Miss D is unhappy with how her insurer has acted she is free to make a separate complaint to it if she wishes.

Miss D has also queried why insurance payments were taken from her account after May 2014. However, from the information available to me I am satisfied that these payments were in respect of a separate insurance policy she had taken out, and not the one which was cancelled in May 2014. Overall, I am not satisfied that Premium Credit has made an error in this case.

my final decision

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I am required to ask Miss D to accept or reject my decision before 20 April 2015.

Mark Lancod
ombudsman