

complaint

Mr B complains that Arval UK Limited ("AUL") made an error in setting up the direct debit for his contract hire agreement repayments.

background

Mr B entered into a contract hire agreement for a car with AUL in September 2014. Under the agreement, Mr B agreed to make an advance payment for the car before the start of the contract term and monthly payments thereafter upon receipt of invoices for the payments. The payments had to be made by direct debit and Mr B signed a direct debit mandate at the same time as he signed the hire agreement. The car was delivered in February 2015 and Mr B expected payments to be made from then. But invoices weren't sent out until August 2015, and AUL didn't try to collect the payments until then. But, Mr B believed that all the payments were being made from February 2015, although he hadn't checked his bank account to confirm this. AUL said that the payments weren't invoiced and collected due to an error by the dealership.

Mr B then received a rental invoice in mid-August 2015 which said that £1,800 would be collected from his account. Mr B rang AUL about it in August 2015 and it said it would look into it, but he didn't hear anything. He doesn't understand why AUL didn't take any payments prior to this, and it hadn't given him an explanation as to what had happened. But, in August 2015, AUL took a payment of £1,800 from Mr B's account without asking him if it could do this and whether Mr B could afford it or not. He had to raise a direct debit indemnity with his bank to obtain the money back. He had to do similarly with another payment it took from his account.

Initially Mr B wanted AUL to either write off the £1,800 payment or the payments from February 2015 to August 2015. This is because he didn't think what had happened was his fault and he didn't think it was fair that AUL tried to take all the money. He also complained about AUL's customer service as it didn't provide him with an explanation as to what had happened despite his phone calls asking for this. It also didn't give him a final response letter until about three months after his complaint.

AUL said that Mr B's direct debit payments hadn't been set up due to an issue with the dealership, and as a goodwill gesture it was willing to credit Mr B's account with £50.

The adjudicator concluded that AUL's offer to pay Mr B £50 was fair as she felt that it should do something to recognise the fact that there was an initial error with the setting-up of Mr B's direct debit which did cause inconvenience to Mr B. She also said that it wouldn't be fair for £1,800, or the February to August 2015 repayments to be written off as Mr B had the use of the car during this time. She also felt that Mr B should have noticed that the payments were not being taken from his account. Mr B accepted AUL's offer.

AUL then withdrew its offer as it disagreed with the recording of the complaint as a change in outcome in favour of Mr B. It said that the sum of £50 was offered as a goodwill gesture to reflect inconvenience. It represented a compromise to conclude the matter and it wasn't an admission of fault on the part of AUL. AUL believed that it wasn't in the wrong and it didn't want any third party to believe that it was. As AUL was unhappy that this service would record the complaint as a change in outcome which it felt would mean that AUL was at fault, it asked for the complaint to be reopened and for an ombudsman to review it. It also said that the direct debit mandate hadn't been completed before August 2015.

my findings

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

Where things are not clear, or in dispute, I make my findings on what I think is most likely to be the case. I take into account the evidence which is available to me and the wider surrounding circumstances.

I can see that AUL doesn't believe that it's at fault in this matter. It explained that the issue was caused by the dealership, and was outside of its control. It also said that a direct debit mandate wasn't completed before August 2015, although I note that it has been unable to evidence this. It also thought that no invoices had been sent to Mr B before August 2015 due to there being no direct debit mandate. But, Mr B has sent us a copy of the pack he was sent by the dealership in September 2014 which included the hire agreement and the direct debit mandate to sign. Mr B said that he signed the direct debit mandate at that time and returned it to the dealership. I have no reason to doubt that he didn't do this, and I have seen no evidence that he didn't complete a mandate until August 2015.

It's clear to me that the delay in payment wasn't due to Mr B as, under the agreement, he was obliged to pay the rentals upon receipt of invoices for these, but he didn't receive these until August 2015 onwards. I can also see that AUL didn't invoice Mr B for the payments in line with the contract terms until August 2015. Whilst I accept that Mr B should have noticed that his payments weren't being taken from his account, I also think that AUL could have alerted Mr B to the issue earlier and discussed repayment proposals to save it later taking large amounts from his account and causing Mr B's financial problems. I note that the adjudicator asked AUL during a phone conversation for its contact notes to evidence that Mr B was pre-warned by phone or email about the payment of £1,800 being taken from his account, but these haven't been received.

I can also see that Mr B has been put to inconvenience in enforcing the direct debit indemnity on two occasions to ensure he had enough money to live on.

So, overall and on balance, I think that AUL should pay £50 to Mr B for the trouble and upset caused to him following its failure to issue invoices and collect Mr B's payments. And I also don't think that AUL has dealt with Mr B's complaint satisfactorily as it didn't provide him with an explanation when requested as to what had caused the payment problem, and it didn't provide him with a final response letter within eight weeks. The resolution of this complaint has also been delayed as AUL hasn't dealt promptly with our requests for information and hasn't provided all the information requested. So, I think AUL should pay Mr B an additional £50 for to the inconvenience caused due to the quality of its complaint handling.

my final decision

My decision is that I uphold this complaint in part. In full and final settlement of this complaint, I order Arval UK Limited to pay Mr B £100 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 11 April 2016.

Roslyn Rawson
ombudsman