

## **complaint**

Mr L complains that Volkswagen Financial Services (UK) Limited, trading as Porsche Financial Services, ("PFS"), didn't allocate the payment of £30,000 he made towards his hire purchase agreement with it in April 2016, until September 2016. He would like PFS to credit his account with the interest saving he would've received had the payment been allocated to his account at the outset (£997.50 as confirmed by PFS).

## **background**

Mr L entered into a hire purchase agreement with PFS in May 2014 to acquire a car. Mr L sent an email to PFS on 1 February 2016 asking for an early settlement figure. PFS provided an early settlement figure in a letter dated 1 February 2016. The letter said that if the settlement figure (£41,637.15) wasn't paid by 27 September 2016, Mr L should contact it for a revised quotation. The letter also said if any part of the settlement was unpaid, Mr L should give PFS a call. Mr L then made a payment of £30,000 to PFS on 2 April 2016 by bank transfer. His payment details included the agreement number as required by the letter. Mr L said that although he couldn't recall the exact date he contacted PFS, he did phone it to let it know about his intentions before 2 April 2016. But, PFS only picked up the payment on 31 August 2016 and it then sent Mr L a letter to query the payment. On 3 September 2016, Mr L confirmed to PFS that the payment was to partially settle his account, and PFS then allocated the payment to it.

The adjudicator concluded that PFS should apply the interest saving Mr L would've got between 16 April 2016 and 3 September 2016 to his agreement. She noted that PFS had said that its policy was to only allocate monies received in partial settlement to a customer's account after being given notice by that customer that he had done so. And she hadn't seen any evidence to show that Mr L had contacted PFS to confirm he was making the payment. But she didn't think that Mr L's request for the crediting of interest was unreasonable. There was no dispute the money was received in PFS' account. And she would have reasonably expected PFS to have queried this with Mr L on receiving the money in April 2016, rather than almost five months later. Whilst she could see that PFS might not be able to pick up payments due to the scale of its business, she didn't think that Mr L should be penalised for this. She also noted that Mr L had made a previous payment in part in 2015, and that PFS had confirmed to him within approximately two weeks that the payment had been allocated.

PFS disagreed and responded to say that it shouldn't be penalised for Mr L's failure to tell it that he was partially settling the account. It wouldn't have known what the payment was for as the payment would have been sitting with the masses of other payments it receives every day until it came onto their spreadsheet.

## **my findings**

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

I note that Mr L requested a settlement quote on 1 February 2016. I also note that Mr L said that he phoned PFS to tell it he'd made the payment. But it has no record of this and he hasn't provided evidence, such as a phone bill, to show the call was made.

I've also looked at the letter dated 1 February 2016 which was provided by PFS in response to Mr L's request for a settlement figure. This letter included the early settlement amount and PFS's bank details. It also said:

*"Please ensure that the agreement number and/or vehicle registration is quoted as a reference. Failure to do this may prolong the settlement process and could result in a delay to supply clearance. If any part of the settlement is subsequently unpaid you will remain liable for this shortfall. If you cannot make this payment then please contact us on xxxx."*

I don't think it's clear from this letter that Mr L needed to phone PFS if he was settling part. I think that the substance of the letter was really to deal with cases of early settlement of the whole of the loan balance which was why the quotation was only valid until 27 February 2016. But I can see that the letter made clear that the agreement number needed to be used as a reference so as not to delay settlement. And I can see that Mr L said that he had quoted the agreement number on his payment.

I also note that Mr L had previously made a partial payment by cheque in March 2015. Whilst the method of payment was different in March 2015, and Mr L had emailed PFS to say he was making a partial payment at that time, I note that his payment was allocated to his account within two weeks.

I also note that Mr L had asked a third party to call PFS to enquire when a payment would be allocated to an account. I understand that the third party was told that the payment would be credited within two weeks, although PFS disputes that he would have been told this.

I can also accept that PFS receives many payments and that these wouldn't be monitored on a daily basis. But I understand that bank account reconciliations need to be carried out regularly. And I would have reasonably expected a payment for £30,000 with an agreement number as a reference to have been picked up and queried within a fortnight of payment and allocated to the appropriate customer's account. Or that a query with the customer should have been raised if there was no apparent reason for payment.

I also note that Mr L was told in an email by PFS on 16 September 2016 that the payment hadn't been allocated due to an administration error. I understand that this wasn't correct and PFS has apologised for this.

I note that PFS doesn't dispute that the £30,000 payment was received on 2 April 2016, and that it was present in PFS's account until it was spotted almost five months later. So, overall, I agree with the adjudicator that Mr L shouldn't be penalised for the delays in PFS's systems, and that it would be reasonable for PFS to apply the interest saving Mr L would've received had the money been applied to Mr L's account within two weeks after payment.

### **my final decision**

My decision is that I uphold this complaint in part. In full and final settlement of this complaint, I order Volkswagen Financial Services (UK) Limited, trading as Porsche Financial Services, to apply to Mr L's account the interest saving he would have received if the £30,000 payment had been allocated to his account on 16 April 2016.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 22 March 2017.

Roslyn Rawson  
**ombudsman**