

complaint

Mr P complains about the charges that Advantage Finance Limited applied to his account. He also complains that the charges weren't made clear to him at the start of the agreement and that Advantage Finance Limited shouldn't have used the emergency contact details.

background

A used car was supplied to Mr P under a hire purchase agreement with Advantage Finance at the end of last year. He didn't make the first payment due under the agreement. Advantage Finance was unable to contact him using his contact details so it used the emergency contact information that he had provided. It also applied charges totalling £31.50 to his account: an unpaid direct debit charge of £12; a £7.50 charge for a collections letter; and an arrears management fee of £12. Mr P complained to Advantage Finance – and it removed the unpaid direct debit charge and the charge for the collections letter. Mr P paid the £12 arrears management fee but wasn't satisfied with Advantage Finance's response so complained to this service.

The adjudicator didn't recommend that this complaint should be upheld. She said that the charge for a collections letter should've been £12 and that the £7.50 charge and the charge for the unpaid direct debit had been removed by Advantage Finance. She concluded that the charges were explained in the agreement and the pre-contract information. She also concluded that it wasn't unreasonable for Advantage Finance to phone the emergency contact in these circumstances.

Mr P has asked for his complaint to be considered by an ombudsman. He says that he doesn't agree with the adjudicator concerning the emergency contact but he accepts that it is a subjective opinion and that there is no point pursuing that complaint. He also says that:

- the agreement doesn't explain that he may be liable to more than one charge at any time;
- there is no charge for £7.50 in the agreement and Advantage Finance reiterated the charge in writing in February 2016;
- Advantage Finance referred to a 'four day late payment' charge and the monthly management charge was levied due to the account being in arrears after three days; and
- the charges are ambiguous and there has been a lack of internal communication about them.

my findings

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

There doesn't seem to be any dispute that Mr P didn't make the first payment that was due under the agreement. The charges payable under the agreement are set out on the first page of the agreement. They include a £12 charge for processing an unpaid direct debit, a £12 monthly management charge for overdue accounts and a £12 charge for sending arrears letters. Those charges were applied to Mr P's account (although he was charged £7.50 and not £12 for sending the arrears letter). I find that Advantage Finance was entitled to apply those charges in these circumstances – and I don't consider that Mr P should only

have been liable for one of the charges. But it has removed the charges for the arrears letter and the unpaid direct debit from Mr P's account – and Mr P has paid the other charge.

I find that Advantage Finance has applied the charges in accordance with the terms of the agreement and has not acted incorrectly. So it wouldn't be fair or reasonable for me to require it to refund the £12 charge to Mr P or to take any other action in response to his complaint.

I also consider that it was reasonable for Advantage Finance to use the emergency contact details in these circumstances: Mr P hadn't made the first payment that was due under the agreement; hadn't contacted Advantage Finance; and didn't respond to its calls and messages.

my final decision

So my decision is that I don't uphold Mr P's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 18 May 2016.

Jarrold Hastings
ombudsman