

complaint

Mr G complains that Premium Credit Limited (PCL) set up a direct debit without his authority. He says PCL has not accepted responsibility for its error and has issued default notices. He also complains that his complaint has been poorly handled. Mr G wants compensation for the trouble and upset this has caused.

background

Mr G says that he chose not to renew an insurance policy and cancelled the direct debit from the previous year's policy as advised. He says that PCL then set up a new direct debit and started to take payments without his authority.

He says he contacted PCL but it would not accept it had made a mistake. He says he received two default notices and threats of charges for not completing his agreement. He says that he was then provided with incorrect information about when he signed an agreement.

PCL says that Mr G entered into an insurance policy with an agent and was contacted in October 2015 to say that the insurance would automatically renew if Mr G did not contact the agent before the start date of the next year's insurance. It says that it understands Mr G did not make contact and so the insurance was renewed. PCL says it was instructed to finance the premium and set up the direct debit. It says that when Mr G contacted it to say he did not want the agreement in place it cancelled it.

PCL says that a default notice was sent as required under the Consumer Credit Act 1974.

The adjudicator initially suggested that Mr G should receive compensation of £75 but on receiving further information showing notification of the automatic renewal said that no compensation was required.

Mr G did not agree. He said that he had returned the schedule and cancelled his direct debit so the renewal should not have happened. He said he requested compensation due to the poor complaint handling by PCL.

my findings

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

PCL says that Mr G entered into a running credit agreement in November 2014 under which it could draw on the agreement multiple times. It accepts that in its contact with Mr G it wrongly referred to this taking place in November 2015.

Mr G was sent a letter about the renewal of his insurance policy by the agent and this explained that it would renew automatically. The letter said that if he did not wish to renew then he should return the schedule of insurance and cancel his direct debit. Mr G says he did this.

However, while accepting that Mr G did act to ensure his policy was not renewed, I also accept that PCL received an instruction in November 2015 from the agent. This was an instruction for a loan to pay Mr G's insurance premium and contained Mr G's bank details.

Based on the information provided and the agreement in place I do not find that PCL did anything wrong by acting on this instruction.

I also note that at the time PCL cancelled Mr G's agreement it confirmed that his policy with the agent was still active which further supports that the agent passed on the instruction for the payment to be set up.

When payment was due PCL received notification from Mr G's bank that the direct debit had been cancelled and so a letter was sent out. I do not find this unreasonable. PCL has confirmed that no negative information has been recorded on Mr G's credit file as a result of this.

When Mr G contacted PCL to say he did not want the agreement, it was cancelled. I find that PCL did act in a reasonable way by cancelling the agreement and provided timely response to his complaint.

I accept that PCL provided the wrong date in regard to when an agreement was signed. I also understand that Mr G has spent time dealing with this complaint. However, on balance, I do not find that PCL has acted unreasonably and do not find that compensation is required in this case.

my final decision

My final decision is that I do not uphold this complaint.

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

Jane Archer
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