

## **complaint**

Ms B is unhappy with the information Premium Credit Limited has provided to credit reference agencies.

## **background**

Ms B renewed her credit agreement with Premium Credit for her car insurance policy on 22 August 2018. The first payment was taken on 3 September 2018. But all subsequent payments were due to be taken on 28<sup>th</sup> of each month.

On 28 February 2019 Premium Credit attempted to take £237.53 by direct debit. But the direct debit was returned unpaid. Ms B says she had deposited funds into her account on 28 February 2019. But the funds didn't credit her account that day as she had missed the cut off point (which she says had never happened before).

Ms B says she did query this with her bank who told her Premium Credit would re-attempt the direct debit. Ms B waited five days but the payment hadn't been taken so she contacted Premium Credit. She says she wanted to make a one off payment over the phone that day but was told not to as they would re-attempt the direct debit. Premium Credit did re-attempt the payment on 13 March 2019 and it was successful. It also charged Ms B a late payment fee.

Ms B says on 26 March 2019 Premium Credit reported inaccurate information to credit reference agencies. So she asked Premium Credit to correct the information it had recorded but it refused to do so. As a result she says her mortgage application was declined.

Ms B brought her complaint to our service as she remained unhappy with Premium Credit's response. Our investigator looked into the complaint but he didn't recommend that it be upheld. In summary he said Premium Credit had acted in line with the terms and conditions of the agreement. Ms B didn't agree. She was still concerned that the late payment wasn't recorded to credit reference agencies until the 26 March 2019. So she felt it wasn't a true reflection of what happened. Ms B remained unhappy so the case was passed to me to consider.

## **my findings**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Having done so, I won't be upholding Ms B's complaint. I will explain why.

This wasn't the first agreement Ms B had in place to pay her car insurance policy. By 28 February 2019 Ms B has made several payments by direct debit to Premium Credit. So I think it's reasonable to suggest she was aware the direct debit would be taken that day. Ms B has admitted that the funds were credited to her account later as she had missed the cut off point and because of this, the direct debit request failed.

I have seen the welcome letter which was sent to Ms B on 22 August 2018. In this letter it outlines that each time there is a missed payment a fee of £27.50 will be charged.

I have also considered the pre –contract agreement which Ms B had signed, which states:

- *We may report your non-payment to credit reference agencies which will adversely affect your credit rating.*

So while I appreciate that Ms B did contact her bank and Premium Credit (within five days of missing the payment) the payment wasn't made on time and therefore she breached the terms of the agreement. So even if Ms B had made a manual one off payment over the phone when she contacted Premium Credit, she would still have missed the payment date and therefore breached the terms of the agreement.

As the pre-contract agreement states that Premium Credit can report late payments to credit reference agencies and Ms B had breached the agreement, I don't think Premium Credit acted unreasonably in reporting the information. They are regulated by the FCA and have a duty to ensure payment performances are recorded accurately to credit reference agencies.

I understand that Ms B is concerned that the missing payment was reported nearly three weeks after the incident had occurred. But I can see that Premium Credit has explained that it reports to credit reference agencies on a monthly basis. So because the February 2019 payment wasn't successful, this information was passed to the credit reference agencies in March 2019. Premium Credit said that it was successful in taking the payment on 13 March 2019. And so that information would be recorded in April 2019. It's not unusual for a financial business to report to credit references agencies once a month. So I don't think it's unreasonable that this information was passed to the credit reference agency a couple of weeks after the incident occurred.

Ms B has said due to the information that was reported her mortgage application was declined. But as I explained above, I can't say Premium Credit did anything wrong as it has a duty to ensure it reports missing payments. But I'm pleased to see that Premium Credit provided Ms B with a letter date 17 April 2019 to show to her mortgage advisor. This letter outlined what had happened and when the credit reference agencies would be updated.

With the above in mind, I won't be asking Premium Credit to do anything further.

### **my final decision**

My final decision is that I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms B to accept or reject my decision before 19 August 2019.

Jade Rowe  
**ombudsman**