

complaint

Miss W complains that agents of Automobile Association Personal Finance Limited ("AA") told her a debt was repaid in full but about three and a half months later, AA asked her to pay an outstanding balance. Miss W thinks AA should be made to stand by, or honour, the original statement made by its agents.

background

Our adjudicator felt that Miss W legitimately owed the remainder of the debt and the distress she'd experienced would be fairly compensated with the £50 AA had already offered. Miss W disagrees so the complaint has been passed to me for a final decision.

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'm satisfied that the letter of 31 January contained a genuine error: the debt hadn't been "fully paid" at all. Rather, the account had temporarily gone into credit pending onwards payment to Miss W of PPI compensation applied to the account. I've seen that Miss W disputes that this could have been the origin of the mistake in the letter – because it was dated at a time when the account had returned to a negative balance. But like our adjudicator, I think that's the most likely explanation for what triggered the letter and it was only sent a few days later. Even if that weren't the case, I've seen nothing to make me doubt that whatever its cause, the information was given in error. It *wasn't* because AA had actually received what it was owed or had made a positive decision to treat Miss W as if that were the case.

Secondly, although I can appreciate it was disappointing for Miss W to later receive a letter contradicting the January letter, I haven't seen anything that would make it unfair or unreasonable that she continue to be liable for the outstanding debt. And I can't see that the mistake itself has caused Miss W to miss out financially. It is open to her to carry on making the payments due which she appears to have started doing again towards the end of last year. So overall, I think it would be wrongly penalising AA for an innocent mistake that didn't actually cause any loss, if I were now to say Miss W doesn't need to pay anything else or should only pay a reduced amount. And this Service doesn't have power to punish financial businesses for getting things wrong. In terms of distress and inconvenience, I think the £50 AA has already offered is fair compensation for this.

Finally, I've also taken account of the concerns Miss W has expressed about not receiving a cheque for all of the monies credited to her account in January 2015. On the face of it, those monies exceed the PPI compensation offered and accepted, by £1392.07. As our adjudicator has said, Miss W will need to complain separately about that if she isn't satisfied with the explanation she receives. But for the purposes of *this* complaint, I've looked at whether the outcome would be any different if Miss W had been sent a cheque for all the credited monies. In my view it doesn't change things. If Ms W had been given a cheque for those monies too the result would've been to increase the outstanding balance by an equivalent amount. So either way, money would still be due and owing and AA are not wrong to ask Miss W for further payment.

my final decision

My final decision is that Automobile Association Personal Finance Limited's offer to pay Miss W £50 is reasonable.

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

Alison Miller-Varey
ombudsman