

The complaint

Mr S is unhappy that Alphabet (GB) Limited collected a payment on a credit sale agreement he had with them, after he'd settled the outstanding balance.

What happened

In July 2019, Mr S was supplied with a car through a credit sale agreement with Alphabet. He paid a deposit of £5,000 and the agreement was for £22,279.74 over 43 months; with 42 monthly payments of £400.95 and a final payment of £8,036.98.

Mr S was supplied with the car through a car ownership scheme with his employer. This meant the deposit was provided by way of an interest free loan from his employer, and this increased the payments to £465.55, which were collected by a direct deduction from Mr S's salary. The agreement Mr S signed on 16 July 2019 was clear that payments would be collected one month in arrears i.e., the first payment was deducted from his salary in the second month, the second payment in the third month etc.

In November 2022, Mr S asked Alphabet for an early settlement figure. This was provided on 28 November 2022, and it had an expiry date of 26 December 2022. In a follow up email on 30 November 2022, Alphabet confirmed *"we would like to make you aware that any rentals invoiced up to and including the expiry date of the quotation will also be due for repayment."*

Mr S sold the car and repaid the outstanding balance to Alphabet on 12 December 2022. However, the payment due for December 2022 was still deducted from Mr S's salary in January 2023. He was unhappy with this and complained to Alphabet.

Alphabet didn't deal with Mr S's complaint within the timescale they should've, and Mr S brought it to us for investigation. While we were investigating matters, Alphabet said that the payment had been collected correctly, but they acknowledged they'd incorrectly told Mr S that 'December's deduction will be as normal, and January's deduction is included in the purchase price'. So, they offered Mr S £200 compensation for the impact of this.

Mr S didn't accept the compensation. Our investigator said that, although Alphabet had said they'd invoiced Mr S's employers for the December 2022 payment on 1 December 2022, Mr S's employer had said this didn't happen until 5 January 2023. The investigator also said that Mr S had relied on the settlement quotation when selling the car, and the deduction of the payment in January 2023 caused him to suffer an overall loss on the sale.

Given this, the investigator said that Alphabet should refund the payment taken in January 2023, along with statutory interest, and pay Mr S an additional £50 for the distress and inconvenience he'd been caused.

Mr S accepted the investigator's view, but Alphabet didn't. They said they had acknowledged their mistake and offered compensation for this. They provided evidence that the invoice for the December 2022 payment was sent to Mr S's employers on 1 December 2022 (for collection in January 2023), and they said they thought it was unjust that a refund of this

payment would mean that Mr S would've had full use of the car for a period of time, without paying for this.

I issued a provisional decision on 24 October 2023, where I explained my intention not to uphold the complaint. In that decision I said:

In considering this complaint I've had regard to the relevant law and regulations; any regulator's rules, guidance and standards, codes of practice, and (if appropriate) what I consider was good industry practice at the time. Mr S was supplied with a car under a credit sale agreement. This is a regulated consumer credit agreement which means we're able to investigate complaints about it.

As detailed above, the agreement that Mr S signed in July 2019 was clear that the payments would be collected one month in arrears. What's more, the settlement agreement of 28 November 2022 says, "please note that if your monthly instalments are deducted from your salary they may not have been paid over to Alphabet by the Settlement Date." And the follow up email of 30 November 2022 says that any payments invoiced up to the expiry of the settlement quote will still be collected.

Given this, I'm satisfied it's reasonably clear that the settlement quotation assumed the December 2022 payment would be paid; a payment that, as per the agreement Mr S signed, was collected in arrears, and would be deducted from his salary in January 2023.

I can see that the investigator attempted to establish when the December 2022 payment was actually invoiced, and that Mr S has raised the issues of missing call recordings for when he discussed the settlement quotation with Alphabet. However, in this instance, I don't think either of these are relevant. I say this because Alphabet have acknowledged they provided incorrect information to Mr S when he asked them about the settlement figure. So, I'm satisfied they need to do something to put things right.

When considering a matter such as this, where possible I look to put the customer back in the same position they would've been in had the financial business not made an error. And in this instance, the error was Alphabet incorrectly advising Mr S that a payment would be collected from his December 2022 salary, but nothing would be collected from his January 2023 salary.

So, what should've happened is that Alphabet should've advised Mr S the settlement quotation included the assumption his December 2022 payment would still be paid. Which would be deducted from his salary in January 2023. Had they done this, then the payment would've been collected from the January 2023 salary, which is exactly what happened. So, the misinformation didn't result in Mr S paying an additional payment – he paid exactly what he should've paid under the agreement. And it's for this reason I won't be asking Alphabet to refund a payment to Mr S.

This doesn't mean that Mr S was expecting the payment to be deducted in January 2023. And it would no doubt have come as a shock to him to find this deduction had taken place. So, I think Alphabet should compensate Mr S for this.

I've also considered that, when accounting for the January 2023 payment, Mr S made a £290 loss when selling the car. He was aware of the settlement figure, and it's reasonable to assume that Mr S would try and sell the car for as much as possible. So, even if he'd had known a payment would be deducted from his January salary, I don't think this would've altered what he could achieve as a sale price, nor do I think it would've altered his decision to sell the car, as this was always something he intended to do. So, I don't think Alphabet should compensate Mr S for any loss he made on the sale of the car.

Alphabet have offered Mr S £200 compensation for the shock and inconvenience of having the December 2022 payment correctly collected from his January 2023 salary, after he was advised this wouldn't happen. For the reasons stated above, this offer is in line with what I would've directed had no offer been made. So, I see no compelling reason to ask Alphabet to increase this offer. And it's now for Mr S to decide whether to accept it.

Responses

Alphabet accepted my provisional decision, but Mr S didn't. He said I'd assumed he'd sold the car for the best price he was able to, but this wasn't the case. Instead, he sold the car to a friend *"at the same price as the purchase cost from Alphabet."* So, he was only paid the settlement amount and he didn't profit from the sale. And it was the misleading information from Alphabet that caused him a loss.

Mr S also said he hasn't declined the £200 offered by Alphabet, but *"I am merely attempting to cover the loss which I have suffered. I am not attempting to profit."*

What I've decided – and why

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

I appreciate Mr S's comments that he only sold the car for the settlement figure, and he didn't look to make any profit on the sale. However, while I don't doubt this was the case, I haven't seen anything that shows me that, if the settlement figure was higher, then he would've been able to sell the car for more. So, I'm not satisfied that, if Alphabet hadn't incorrectly told him that no payment would be deducted from his January 2023 salary, Mr S would've been able to realise a higher sale price for the car.

As I explained in my provisional decision, Mr S would've been aware that he was paying a month in arrears, and the settlement figure was based on the assumption that the December 2022 payment would always have to be paid (which was by direct deduction from his January 2023 salary). As such, Mr S didn't pay any more to Alphabet than he was required to, based on settling the agreement in December 2022.

Given the above, I see no compelling reason why I shouldn't now adopt my provisional view as my final decision. And it's for Mr S to decide whether to accept the £200 offer.

My final decision

For the reasons explained, I don't uphold Mr S's complaint about Alphabet (GB) Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 5 December 2023.

Andrew Burford
Ombudsman