

## **The complaint**

Mrs M complains that Hastings Insurance Services Limited has unfairly applied charges after she cancelled her policy following a failed payment collection attempt.

## **What happened**

Mrs M renewed her car insurance policy in August 2019. During the renewal process she decided to add breakdown cover. And so a slightly higher premium was payable. This resulted in a new payments schedule (as Mrs M paid for her insurance monthly) being put in place, with the first premium due on 1 September 2019 for £28.78.

Payments were to be made by direct debit. And a payment collection was attempted on 3 September 2019. But this was returned unpaid. Hastings let Mrs M know about the failed collection. There was also a charge for the failed payment of £12. Unhappy with the correspondence she was sent, Mrs M decided to cancel the policy. The policy was cancelled on 11 September 2019. Hastings said Mrs M still owed £98.82, this was made up of fees for cancellation and non-payment, time on cover, a policy arrangement fee and credit interest.

Mrs M was unhappy and so complained, she was satisfied there had been sufficient funds in her account to pay the direct debit and had been told by her bank Hastings had cancelled the mandate. Hastings looked into the complaint but was satisfied the payment collection had failed due to insufficient funds. It also reminded Mrs M of the amount owed and let her know that if arrangements weren't made to pay, the account would be passed to a debt collection agent which would incur an additional fee.

Our investigator was initially satisfied Hastings hadn't done anything wrong. But on further investigations and as a result of information obtained by us, it had been shown by Mrs M's bank that Hastings had actually cancelled the direct debit it tried to collect on about a week before the payment was due. She therefore asked Hastings to waive the £12 fee. However, she was satisfied the other fees were correct under the terms of the policy. She also didn't find the correspondence from Hastings inappropriate.

Hastings agreed to waive the fee. But Mrs M remained unhappy with the outcome. She remains unhappy with the tone and timing of the correspondence she received. She argues she had provided evidence that the fault was not hers, but correspondence continued; she feels she should be compensated for the time and energy in sorting this matter. Further, she considers the remaining fees to be unfair.

## **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 understand Mrs M feels strongly about her complaint. But I can only ask Hastings to refund all of the fees if I find they aren't allowed for under the terms and conditions, or if they have been applied unfairly. And I can only make an award for non-financial loss if I find it has done something wrong which has caused her distress and/or inconvenience.

I understand Mrs M already had her car insurance through Hastings and it was up for renewal. If everything remained the same Mrs M need do nothing further and payments would be taken as usual. However, Mrs M decided to add breakdown cover at an additional cost. This meant her monthly premium increased.

According to Mrs M's bank it appears that resulted in Hastings sending through a new direct debit instruction as the mandate was for a different amount. And the information from her bank shows Hastings cancelled that new instruction on 22 August 2019. It would seem this was done in error as the old instruction remains active; it appears Hastings cancelled the new instruction instead of the old one.

Whilst this was Hastings' error, that wasn't clear until our investigator obtained information from Mrs M's bank during the course of considering the complaint. And it wasn't until our involvement that her bank confirmed in correspondence the mandate had been cancelled on 22 August – before the first payment attempt. So although I accept Mrs M may have argued she wasn't at fault for non-payment, persuasive evidence of that wasn't provided until after we had started investigations.

I have considered whether Hastings ought to have been aware of this before. But having seen a copy of its records, these do show the direct debit was returned unpaid as cancelled by payer. This happens when there are insufficient funds, or the instruction has been cancelled by the bank or the account holder. So I can understand why Hastings took the position it did – particularly as Mrs M's statement does show more was due to come out of her account that day than she had available.

As it has transpired this was Hastings' error, I find it fair that it has agreed to refund the £12 late payment fee that was applied. However, it doesn't necessarily follow that means it was wrong for it to correspond with Mrs M or apply other charges.

The fees information provided to Mrs M at the time of renewal sets out the fees that could be applied. Aside from the late payment fee, I'm satisfied the fees have been applied in accordance with the terms. I also find they were applied fairly – Mrs M chose to cancel the policy instead of make payment and continue with it, which of course was a choice she was entitled to make. But it did mean fees applied. The amount of the fees is broadly in line with what I would expect, and I can't ignore that some of the amount owed was for the time the insurer was on risk and applicable interest.

As I haven't found Hastings did anything in wrong in applying the fees, it follows that I don't find it was wrong to correspond with Mrs M about the outstanding balance. I appreciate she didn't agree she was at fault for non-payment at the time, but I haven't seen any persuasive evidence she attempted to make payment for the amount owed or enter into a repayment plan. And when no payment proposals are made, it isn't unusual for an explanation to be provided that a debt collection agency might be used. The letters informed Mrs M of possible next steps, I don't find anything wrong in the tone, such that I would find the letters inappropriate, or amounted to bullying or harassment.

I have considered whether I should make any award for non-financial loss. And although it has now transpired Hastings was at fault for the initial non-payment, I don't find it did anything else wrong either in applying the fees or asking Mrs M for payment of the outstanding balance. And whilst it took some time to get to this point, most of that time has been spent obtaining new evidence and information, which is all part of a complaint investigation. Having considered this carefully, I don't find an award is warranted in the circumstances of this complaint.

### **My final decision**

For the reasons given, my final decision is that I uphold this complaint and require Hastings Insurance Services Limited to reduce the amount owed by Mrs M by £12. If this has already been paid by Mrs M this should be refunded to her.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 18 September 2020.

Claire Hopkins

**Ombudsman**