

## **The complaint**

Mr B has complained about the service he received when he cancelled a car insurance policy he bought through Hastings Insurance Services Limited trading as Hastings Direct (Hastings).

## **What happened**

In March 2020 Mr B bought a car insurance policy through Hastings via an online comparison website. He paid a deposit and arranged to pay for the remainder of the policy in monthly instalments. When he contacted his previous insurer to cancel his policy with them, they offered him a cheaper price. So he stayed and contacted Hastings to cancel the policy that hadn't yet started.

Hastings told Mr B it would deduct a non-refundable £20 arrangement fee from the refund amount.

Mr B was unhappy with the information he was given when he called Hastings. He said he was told different reasons for the £20 fee being charged. He didn't think it reasonable to be charged the fee when the policy hadn't started and Hastings had sent an email. He asked to speak to a manager. Mr B was unhappy with the conversation that then took place as he said the manager talked over him.

Mr B complained to Hastings. In response, he said Hastings told him it hadn't listened to the call he complained about – but said that the £20 fee had been charged due to a system error. This was a different reason to the one Mr B said he was given when he'd called. However, Hastings said it would waive the £20 arrangement fee. But it failed to provide the correct refund. So in March 2020 Mr B brought his complaint to us. He wants £150 compensation to reflect the poor service he received.

In June 2020 Hastings told us it had agreed to refund the arrangement fee as a gesture of goodwill. But it realised that it hadn't provided the correct refund and asked our investigator to pass on their apologies to Mr B. Hastings said it would like to offer Mr B £50 compensation for the distress and inconvenience caused. It accepted that Mr B had been provided with a poor service when he spoke with a manager and it said it was sorry for the upset caused.

Our investigator initially thought Hastings should pay Mr B £100 compensation. But Hastings didn't agree. And on reconsideration, he thought Hastings' offer was fair as it had already waived the £20 arrangement fee as a goodwill gesture. So essentially the overall compensation came to £70 – and he thought this was a reasonable amount to reflect the poor service Mr B received. The investigator found the service Mr B received – and in relation to the call with the manager – was poor.

Mr B didn't agree. He said Hastings said the £20 fee was charged due to a system error, so it wasn't refunded as a goodwill gesture. In summary he doesn't believe his complaint has been taken seriously by Hastings.

So the case has been passed for me to decide.

### **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.

When things go wrong, we look at the impact of any error made by a business and what it did to put things right. We look at whether the insurer acted reasonably and in line with the policy.

Businesses have overheads and costs in arranging policies and providing documentation, even if it is by email. We don't think it's unreasonable for a business to charge reasonable fees to meet its overheads, provided its clearly explained them to a consumer.

Before Mr B bought his policy online, Hastings set out its fees. This included a non-refundable arrangement fee of £20. I think the information was clear, so Mr B could make an informed decision before he decided to buy the policy.

I think Hastings provided a poor service and I can understand Mr B's frustration when he called as Hastings didn't handle the call as it should have– and in the delay in providing the correct refund to him. However, overall I think Hastings' decision to refund the £20 arrangement fee should be taken into account with the £50 offered by it to compensate Mr B for the poor service he received. This is because I think it was correctly owed and made clear to Mr B before he bought the policy.

The compensation amounts we award are modest. In this case the total compensation Hastings offered of £70 for the poor service Mr B received is - in my view - reasonable and in line with awards we give for similar circumstances. So I'm upholding Mr B's complaint. But I'm not asking Hastings to increase the compensation award to the amount Mr B has asked for.

### **My final decision**

For the reasons I've given above, my final decision is that I uphold this complaint. I require Hastings Insurance Services Limited trading as Hastings Direct to pay Mr B £50 compensation for the distress and inconvenience caused. This is in addition to the £20 arrangement fee it waived.

Hastings Insurance Services Limited must pay the compensation within 28 days of the date on which we tell it Mr B accepts my final decision. If it pays later than this it must also pay interest on the compensation from the date of my final decision to the date of payment at a simple rate of 8% a year.

If Hastings Insurance Services Limited considers that it's required by HM Revenue & Customs to withhold income tax from that interest, it should tell Mr B how much it's taken off. It should also give Mr B a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 11 February 2021.

Geraldine Newbold  
**Ombudsman**