

The complaint

Mr G complains about the administration of his motor insurance policy with CIS General Insurance Limited trading as Co-Op Insurance.

What happened

Mr G purchased a policy with Co-Op and was asked how many years no claim discount (NCD) he'd earned on previous policies. He told Co-Op that he had five years' NCD and his policy was priced accordingly.

Mr G was sent the welcome pack and within it Co-Op said it would need to see proof that Mr G had the five years' NCD he said he had. It said if it didn't receive this information it might cancel or increase the price of the policy.

Co-Op didn't receive the proof of Mr G's NCD and so sent him an email saying the price of his policy (his premium) would now increase by £660.80 and that a £15 admin fee was also due. This email explained that Mr G owed Co-Op a further £675.80 in total.

The same day the email was sent Mr G contacted Co-Op and provided proof of his NCD. But his proof showed Mr G had three years' NCD, not the five he said he had. This generated a refund due on the policy of £618.51 and an email was sent to Mr G explaining this.

Mr G then contacted Co-Op as he'd not received the refund he thought he was getting. The agent then processed the refund and Mr G received the £618.51 he was expecting.

On review Co-Op realised that Mr G wasn't due a refund. It said it never took the additional premium it said it needed to in the first email and the refund was based on him paying that additional premium. It said it also didn't mention that Mr G's policy was still more expensive than what he'd already paid it. It said Mr G owed it a further £57.29, in addition to him needing to return the refund of £618.51 it paid him in error. It explained Mr G owed it £675.80 in total.

Mr G wasn't happy with this, he thought he shouldn't have to return the money Co-Op paid him in error. He said he thought that was his money, and had this confirmed by an agent at Co-Op so had since spent it.

Co-Op said as it was money that shouldn't have been refunded to Mr G, it needed it returned. And it said the increase in premium was due too because that was the correct price of the policy based on him having three years' NCD not five as he'd said he had. It said it had caused some confusion and so reduced the amount Mr owed by £100. It said Mr G needed to pay £575.80 back and that he could do so in instalments spread over time. Mr G said he couldn't afford the first suggested repayment plan Co-Op offered. But a repayment plan has now been agreed.

Mr G wasn't happy with this and brought his complaint to us. Our investigator looked into his complaint and agreed the money Co-Op was chasing was due. She thought Co-Op's offer to

reduce the balance owed by £100 was fair compensation for the confusion and inconvenience it caused throughout the process.

Mr G didn't agree and so the case has been passed to me.

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.

Having done so, I'm not upholding Mr G's complaint. I understand this will come as a disappointment. I'll explain my reasoning below.

Most of this complaint revolves around the refund Co-Op gave to Mr G and then asked to be returned to it. But to explain why I'm satisfied Co-Op is acting fairly here, it'll help to explain what led to that refund being given, and why giving it to Mr G was an error.

When Mr G took out the policy, he told Co-Op that he had five years NCD. The price of his policy, his premium, was then calculated using this information. Co-Op is entitled to request proof of this, and did so. It let Mr G know that if proof wasn't provided it might cancel his policy, or it may need to charge more for it.

It didn't receive this information in the time given and so it sent Mr G an email letting him know the price of his policy had increased. This is because instead of being priced with five years' NCD, it was being priced with no NCD at all as Mr G hadn't provided proof of his. An email was sent letting him know the amount the policy would increase by and how much he owed Co-Op. Importantly at this point the price of the policy changed, but no more money was received by Co-Op.

Mr G then sent in proof of his NCD. This showed he had three years' not the five he claimed he had. At this point in time, the policy was priced on the basis he had zero years NCD. So it thought a refund was due.

Had Mr G paid the additional amount Co-Op said was due in the first email, then he would have been due the refund set out in the second. But he didn't, so the refund was never due.

To help explain:

- Mr G's policy was rated with having five years NCD and priced as such.
- After not receiving the NCD his policy was re-rated with him having no NCD, generating an increased premium of £660.80 plus an admin fee of £15. But this wasn't ever taken.
- Mr G then provided proof of three years' NCD. The policy was re-rated from him having no NCD to him having three years' NCD. This assumed Mr G had paid the increased premium and generated a refund of £618.51. But Mr G wasn't due this as he's never paid the increase.

The refund shouldn't have been given as it was generated on the basis that Mr G had paid the increase in premium which he hadn't. I'm satisfied this refund was in error and as such is money owed to Co-Op.

This is somewhat confusing. But what has essentially happened is that Mr G's policy was set up and priced on the basis he had five years' NCD. When it should have been set up with him having three years' NCD. It's fair Mr G pays for the policy based on the correct amount

of NCD he's able to evidence. And this is £57.29 more than what he paid. So I'm satisfied the increase in premium is also money owed to Co-Op.

I understand Mr G was told the money was his, and that he's since spent it, and I understand the lack of clarity around the whole situation is confusing. But ultimately, I'm satisfied the money Co-Op say is due, is due.

I understand Mr G has said he shouldn't have to return it as it was given to him. And although it was given in error he's said he was told the money was his and he's since spent it. I do have some understanding here, but I think it's clear the refund was a mistake. Mr G ultimately has a policy priced with two years' less NCD than when he took it out. This was always likely to increase the price of his policy not decrease it, and certainly not to the tune of £618.51.

That said, Co-Op haven't helped and could have been a lot clearer throughout. I think agreeing a repayment plan and waiving £100 for the balance due is a fair offer of compensation for the part it played.

My final decision

For the reasons set out above, I don't uphold Mr G's complaint against CIS General Insurance Limited trading as Co-Op Insurance.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 9 February 2021.

Joe Thornley
Ombudsman