

The complaint

Mr B complains that Atlanta1 Insurance Services Limited applied charges when he cancelled his motor insurance policy after eight days on cover.

What happened

Mr B wanted to cancel his policy after it had run for eight days. He sent Atlanta an email, but it wanted written confirmation of his personal details. It took a further nine days to cancel the policy. So Atlanta then applied the cancellation charges for cancellation after 14 days, as set out in its Terms of Business. Mr B thought this was unfair. Atlanta reduced its cancellation charge and backdated the insurer's charge for time on cover to the date it first received the cancellation request. But Mr B remained unhappy and wanted a full refund.

Our investigator didn't recommend that the complaint should be upheld. He thought Atlanta was entitled to apply the charges set out in its Terms of Business. These included a non-refundable new business fee, a cancellation charge and the insurer's charge for time on cover. After the complaint came to our service, Atlanta offered to reduce the cancellation charge from £50 to £25 (cancellation within 14 day charge). And he thought this was fair and reasonable.

Mr B replied that he thought Atlanta had made a mistake in charging him the fee for cancellation after 14 days. He thought he had nothing further to pay. Mr B asked for his complaint to be reviewed by an ombudsman, so it's come to me for a final decision.

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 can understand Mr B's frustration that he's been charged for his policy when the car he'd insured wasn't running. Our approach in cases like this is to consider whether the broker's acted in line with its Terms of Business and fairly and reasonably.

Mr B has provided us with the emails he sent to Atlanta requesting cancellation. The first one was sent to the wrong department. The second one, a day later and eight days after the policy started, was sent to the cancellations email address and it contained his name and the policy number. But Mr B said Atlanta then requested further details, a letter, then a signed and dated letter, and then a handwritten signed and dated letter to confirm the cancellation.

Atlanta has explained that it requires written cancellations that contain the vehicle registration, the customers full name and address and a signature to ensure that it's cancelling the policy with the customer's consent. It also said it gave Mr B the option to provide this information over the telephone, but he declined this.

I think it's Atlanta's commercial decision about how best to comply with data protection requirements and this isn't something I'd usually comment on. But I think its requests to Mr B for information to verify his request were similar to others I've seen and so I think they were fair and reasonable.

Atlanta said it didn't receive the car's registration number from Mr B until 16 days after the policy started. I can see that it responded to the first correctly addressed request for cancellation promptly. And then it chased Mr B for the correct information once and tried to call him without success until he provided the car's registration number and the policy was cancelled. So I think Atlanta didn't cause any delays in processing the cancellation.

I've been provided with two versions of Atlanta's Terms of Business, one in its file and one that Mr B provided. Atlanta has said that the Terms had changed, but I can't see when this occurred. But I think Atlanta used the wrong version when Mr B cancelled. And so I think it's fair for me to rely on the version that Mr B provided as this was the one he agreed to.

These Terms of Business state that Atlanta charges a non-refundable new business fee of £40. In the section on Service Charges, there's a £25 fee for cancellation within 14 days. After 14 days, the section says Atlanta will charge £50. Mr B agreed to accept the Terms of Business when he took out his policy through Atlanta, so I think it's fair for Atlanta to apply them. It's standard industry practice that Mr B should pay for his time on cover and so I think a pro-rata charge for this is fair and reasonable.

Mr B thought he shouldn't be charged anything for cancellation within the "cooling off" period. But, as the investigator explained, this is in the case of credit agreements and Mr B didn't have a credit agreement with Atlanta.

So I think Atlanta was entitled to charge Mr B its £40 new business charge, £50 cancellation fee and the insurer's charge for time on cover if he cancelled after 14 days. As a gesture of goodwill, Atlanta offered to reduce its charge to £25 and it backdated the insurer's charge for time on cover. So the delay in the cancellation, which I can't say was due to Atlanta, won't now affect what Mr B was charged. And Atlanta using the incorrect Terms of Business hasn't now disadvantaged Mr B.

Mr B paid a deposit of £28.67. The total charges due were £92.81, but they were reduced to £67.81. So Atlanta says Mr B owes it £39.14. I think it's for Mr B to accept or reject this offer in settlement of his complaint.

My final decision

For the reasons given above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 30 July 2021.

Phillip Berechree
Ombudsman