

## **The complaint**

Mr C complains that Hastings Insurance Services Limited trading as Hastings Direct failed to provide sufficient information when he updated his car insurance policy online.

## **What happened**

Mr C insured his car with Hastings on a third-party basis. The annual premium was £189.64. He changed his car in March 2021 and so he went online to amend the policy via his Hastings online account. This resulted in the annual premium increasing from £189.29 to £218.26. He was also charged a £20 admin fee, meaning the total cost was £48.62.

When he received the new policy documents, he realised he hadn't changed the level of cover, so he contacted Hastings to ask it to increase the level of cover from third party to fully comprehensive. At that point, the premium increased by a further £45.93 and he was charged another £20 admin fee.

Mr C complained to Hastings because he felt he had bought a policy that cost more than he needed to pay because of an error in its online system whereby he wasn't asked which level of cover he needed. This resulted in him paying a higher premium and being charged an additional admin fee.

Hastings initially said it wouldn't uphold the complaint because the second admin fee was fair. It explained that when Mr C made the initial change to the policy, he was charged the pro-rata cost for the change and a £20 admin fee. He was then charged again when he contacted it by telephone to change the level of cover. It explained that in allowing Mr C to change the level of cover, it had made an exception to its usual rule that a policyholder can't change the level of cover without a change of vehicle. It eventually refunded the second £20 admin fee as a gesture of goodwill, but it maintained it was reasonable that Mr H had to contact it by phone to change the level of cover, even though he wasn't prompted to do so by the website. And it didn't accept he'd lost out as a result.

Mr C wasn't satisfied and so he complained to this service. He said that whenever he has applied for car insurance, there has been a mandatory step to choose between different levels of cover and that, because he wasn't prompted by the system, he'd been left with the wrong level of cover for his new car. This meant there were two separate increases to his premium, resulting in him agreeing to pay more than he'd intended. Significantly, if he'd been prompted to change the level of cover, he'd have seen the price and sought insurance elsewhere.

He now wants Hastings to refund the difference between the first and second premium increase, to pay him £125 compensation for the inconvenience and to change its online form. He said that when he contacted Hastings, it accepted there was an error on the website.

Our investigator didn't think the complaint should be upheld. He explained this Service is not the Regulator and we are unable to tell and insurer to alter its processes. He said Hastings hadn't admitted there was an error, he didn't accept the fact Mr C wasn't prompted to

change the level of cover was unfair and he thought it was reasonable for Hastings to have expected Mr C to contact it to change the level of cover.

Our investigator noted Hastings had allowed Mr C to change the level of cover in circumstances where it could have fairly refused and that its decision to refund the second admin fee was fair. Regarding the cost of the policy, he accepted Mr C could have bought a similar policy for £214, but he didn't think Hastings needed to refund the difference. This is because he didn't think Mr C had lost out as he could have chosen to cancel the policy once he knew about the second premium increase, he had only paid one administration fee and could still cancel the policy at any time.

Mr C wasn't satisfied with the outcome of his complaint and has asked for the complaint to be reviewed by an ombudsman. He has reiterated that when he first amended the policy, the details weren't visible and there was no way he could have known the eventual cost of what he was committing to. He believes the online process prevented him from buying the right level of cover for a new car in circumstances where it was reasonable to want an increased level of cover.

### **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 Mr C bought a new car, he wanted to add it to his car insurance policy and increase the level of cover because it was a more expensive car. He believes there was an error in Hastings' online system and this meant he thought the new cover would only cost an additional £45.93. He said if he'd known the total cost at the outset, he wouldn't have committed to the policy because there were cheaper policies available.

The policy booklet states *'you can update your home address, occupation, mileage and where you park your car at night, in the app and MyAccount at any time. You can also add or remove drivers or change the car on the policy if you get a new one'*. So the fact Mr C couldn't use the system to amend the level of cover isn't unfair or unreasonable because that's not the function of the form.

Mr C thinks Hastings' system should have prompted him to contact it to update the cover but I don't agree and I don't think its failure to do so it means there was an error in the system or that it resulted in any loss or unfairness. This is because, while it must have been frustrating to learn that the new insurance cost more than he initially thought, the second admin fee was refunded and Mr C is free to cancel the policy and buy cheaper insurance if that's what he chooses to do.

Mr C has said the waive of the second admin fee wasn't a gesture of goodwill because he did change his car. But Hastings has explained the level of cover should only be increased in the same transaction as the change of vehicle and so I think its initial decision to charge the fee was fair.

Our investigator has explained we can't tell Hastings to change its systems and that is correct. I understand what happened meant Mr C didn't appreciate the full cost of the policy until after he had changed the level of cover but I don't think it was Hastings fault or that he's lost out as a result.

**My final decision**

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 10 June 2022.

Carolyn Bonnell  
**Ombudsman**