

The complaint

Mrs D complains that One Call Insurance Services Limited gave her incorrect information about cancellation charges for her motor insurance policy. She wants a refund of the extra amount she paid to amend her policy.

What happened

Mrs D moved house and on the same day contacted One Call to change the address on her policy. She was told that she would need to pay an additional premium of £348.25, including One Call's £39.99 administration fee. Mrs D was unhappy with this as her husband had paid £8.00 to change his address. Later the same day, Mrs D contacted One Call again and was told that if she wanted to cancel her policy, she would be charged £74.34, including One Call's cancellation fee. Mrs D asked for this to be noted on her policy.

But the next day, Mrs D contacted One Call again and was told that if she wanted to cancel her policy, then she would need to pay the remainder of the annual premium. This was over £600. So, two days' later, Mrs D paid the change of address charge.

One Call said Mrs D had been wrongly told that she would have to pay the full premium if she wanted to cancel. It said she had overpaid for the change of address by £39.99 as this was already included in the £348.25 quoted. So it refunded this amount in her monthly direct debits. But it didn't offer Mrs D the full refund at the time, which it said was incorrect. So it refunded this amount in full and paid her £75 compensation for her inconvenience.

Mrs D remained unhappy as she thought if she had been given the correct information about cancelling her policy, then she would have done so and found cheaper cover elsewhere.

Our investigator recommended that the complaint should be upheld. He thought One Call had provided incorrect information about the cancellation charge. He thought Mrs D had acted on this and changed her address rather than cancel and find cheaper cover elsewhere. So he thought One Call should pay Mrs D £100 further compensation.

One Call replied that it had paid Mrs D compensation for giving her incorrect information about the cancellation costs. It said that on the day Mrs D paid for the change of address, she had been given the correct information about the cancellation costs. And so it thought she had sufficient information to make an informed choice.

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.

One Call said Mrs D had been given enough information about the costs to make her choice about whether to pay for the change of address, cancel her policy, or change to a different insurer. But I disagree. I'll now explain why I say this.

I think One Call firstly gave Mrs D correct information about the costs for changing her address. I think Mrs D misunderstood that the costs didn't include One Call's mid-term adjustment charge. Then, later the same day, One Call gave Mrs D the correct information about the costs of cancellation, and the costs of a new policy with a new insurer.

But the following day, the representative told her incorrectly that she would have to pay her premium in full if she wanted to cancel. I think this must have been very confusing for Mrs D. And I think she could reasonably rely on being given accurate information.

When a business makes a mistake we expect it to restore the consumer's position, as far as it's able to do so. And we also consider the impact the error had on the consumer. One Call agreed it had made a mistake and it paid Mrs D £75 compensation for this error. I think that was fair and reasonable for the trouble and upset caused. But I don't think it's enough to restore Mrs D's position.

Two days later, One Call said it gave Mrs D correct information about the costs for changing her address and if she went with another insurer on its panel. I can't see that Mrs D then asked again about the costs of cancelling her policy. But I think she had already reasonably decided, based on the incorrect information, that this wasn't a viable alternative.

I agree that Mrs D had been previously provided with correct information about the cancellation costs. And she could have checked this in her policy documents. But Mrs D was moving house and I think she probably had enough things to do. And so I think she reasonably relied on the most recent information she had been provided by One Call.

So, rather than pay the cancellation costs and find cheaper cover elsewhere, I think Mrs D decided on the basis of the incorrect information provided that she would pay for the change of address.

Mrs D hasn't kept the alternative quotes she found for cover with other insurers. And so I can't see what she would have saved if she had chosen this alternative. But think One Call's misinformation caused her loss. And I agree with the Investigator that, in the absence of further information, £100 compensation for this is fair and reasonable to restore her position.

Putting things right

I require One Call Insurance Services Limited to pay Mrs D £100 further compensation for the impact caused by its incorrect administration of her policy.

My final decision

For the reasons given above, my final decision is that I uphold this complaint. I require One Call Insurance Services Limited to carry out the redress set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs D to accept or reject my decision before 16 March 2022.

Phillip Berechree
Ombudsman