

## **The complaint**

Mr H has complained about the broker One Call Insurance Services Limited (OCISL) when he changed his car and the way it handled the cancellation of his car insurance policy.

## **What happened**

Mr H bought a car insurance policy through a broker OCISL in October 2020. In April 2021 he contacted it through its webchat service to tell it he was changing his car on 1 May 2021.

OCISL told Mr H that his current insurer wouldn't offer cover for his new car. So it provided a premium to cancel and replace his existing policy with a new one for a further year.

Mr H said the premium OCISL quoted wasn't competitive with other quotes he'd obtained online with other insurers – and including OCISL. So he instructed OCISL to cancel his policy from 1 May 2021 and said he would go elsewhere.

OCISL said on cancellation Mr H would owe a balance of £134.03 assuming his policy cancelled on 1 May 2021. Mr H was very unhappy with the charges on cancellation and the premium OCISL offered for a new policy. Mr H said he would cancel his Direct Debit Instruction (DDI). OCISL said it would send Mr H a seven day cancellation notice if this happened.

Mr H ended the chat. He cancelled his DDI. OCISL sent him a seven day cancellation notice confirming it would cancel his policy on 6 May 2021. It cancelled his policy on 7 May 2021.

On 13 May 2021 Mr H wrote to OCISL to reiterate his complaint about the charges OCISL applied on cancellation. He said he instructed OCISL to cancel his policy from 1 May 2021. The figures it quoted on cancellation were different to the sums quoted in the webchat in April 2021. In addition he said he was able to see quotes for a new policy via OCISL online for significantly less than the agent offered him in the webchat and wanted OCISL to explain why that was.

OCISL didn't uphold Mr H's complaint. It said it had no control over the insurer's decision to offer cover or the prices they set under the panel of insurers they work with. As a goodwill gesture it said it would waive its cancellation fee of £55.99 from the balance it said he owed of £140.30 (based on a cancellation date of 7 May 2021).

Mr H remained unhappy and asked us to look at his complaint. He said the way OCISL had handled matters had caused him distress. He no longer thought it fair that he should pay OCISL anything.

Our investigator thought OCISL could have better explained the premium breakdown and the charges it applied on cancellation – and he found some discrepancies in the amounts quoted. He thought it was very clear that Mr H wanted his policy to cancel from 1 May 2021 and so he didn't think it fair that OCISL didn't do this until 7 May 2021.

Based on his breakdown of the charges which he could evidence as fair, the investigator

thought Mr H owed OCISL a balance of £83.16 - after deducting the £55.99 cancellation fee OCISL had offered as a goodwill gesture.

However, the investigator thought OCISL had made errors and caused confusion in the way it communicated the premium breakdown to Mr H. For this, he thought OCISL should pay Mr H £50 compensation. So based on his recommendations, Mr H would owe OCISL a reduced balance of £33.16.

Mr H accepted the investigator's findings. But he reiterated that when he searched online for policies at the same time as he was in communication with OCISL, it was offering him a policy for his new car for a much lower price.

OCISL didn't agree. It said as OCISL didn't confirm it would cancel Mr H's policy on 1 May 2021 in the webchat and it ended, it had correctly cancelled the policy in line with the process following the cancellation of the DDI.

I issued a provisional decision on 13 January 2022. I agreed with most of the Investigator's recommendations – but I thought a £30 fee had been added twice – so I found the final amount Mr H owed was £30 less than the Investigator. And as this left a balance of £3.16 rather than £33.16, I provisionally decided that OCISL should write off the amount it said Mr H owed.

Mr H accepted my provisional decision. He's provided us with a copy of letters from OCISL's debt recovery agent requesting an outstanding sum from him of £84.31 with additional fees.

OCISL didn't agree. It says it correctly cancelled the policy from 7 May 2021. It provided a further breakdown of its charges which I asked for clarification on. OCISL has replied. I've set out the additional information in my findings as the case has been passed back to 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.

My provisional findings were:

*Mr H paid an annual premium of £343.87. However, the amount quoted on Mr H's Statement of Fact says the annual premium is £373.87. OCISL says this sum includes a £30 discount. So when Mr H cancelled his policy, OCISL applied the discount to the amount Mr H owed.*

*In fact it said Mr H had received a £70 discount and provided a screenshot confirming this. But there isn't any evidence to show that this was explained or set out under OCISL's terms. So I don't think it's reasonable for OCISL to apply this as a fee Mr H owes on cancellation.*

*Mr H paid a deposit and set up a credit agreement with a finance company to repay the balance of the annual premium. This means that the finance company paid OCISL the balance up front – and Mr H repaid the balance with interest in instalments to the finance company.*

*Mr H had paid a deposit of £45.58 and instalments (with interest) totalling £211.54. So in total Mr H had paid £257.12.*

*The premium OCISL quoted that Mr H had paid didn't include interest – so it said Mr H had paid a total of £227.35. I think OCISL should have explained this to Mr H when providing a*

breakdown of the amounts it charged on cancellation.

*In addition to the annual premium of £343.87, Mr H paid for additional products at £59 and £28.95 totalling £87.95. Mr H believes he should have received a pro rata refund for these products when he cancelled his policy. We consider that a pro rata refund may be reasonable where it's likely that the costs of the product is unfairly balanced against the use a customer may have had from it – and the administration charges involved in providing a pro rata refund. However in this case, as Mr H had the benefit of the additional products for over half the term of the contract – and in line with their terms, OCISL explained that the products are non-refundable. So I don't think Mr H is entitled to a pro rata refund for the additional products he bought.*

*When calculating the days on cover, OCISL applied a cancellation date of 7 May 2021 and quoted a premium of £223.71 as being due. I don't agree that this is fair. In the webchat Mr H told OCISL on multiple occasions that he wanted his policy to be cancelled from 1 May 2021 at midday – as this was the date he intended to trade in his existing car and collect his new one from the dealership. The fact that the webchat ended doesn't make a difference as I think Mr H's instructions were clear. And even though Mr H did go on to cancel his DDI, I think OCISL should have cancelled his policy from 1 May 2021 based on his clear instructions.*

*So – taking everything into account, our investigator set out what he found to be fair, assuming the policy had cancelled on 1 May 2021 as follows:*

*Annual Premium £373.87 or £1.024 per day  
188 days on cover £192.56  
Add Discount £ 30.00  
Value Added Products £ 87.95  
Add cancellation costs £ 55.99*

*TOTAL COST £366.50  
Less amount paid £227.35  
Amount due £139.15*

*However, I think the discount of £30 is included in the £373.87 figure. So I think the amount due here should be £30 less as it has been added twice. This means I think the amount Mr H owes OCISL on cancellation from 1 May 2021 is £109.15.*

*OCISL agreed to waive its cancellation fee of £55.99 as a goodwill gesture. I think this is fair – but I don't think it goes far enough to resolve Mr H's complaint. I think OCISL caused unnecessary confusion, applied the wrong cancellation date, and could have more clearly explained the breakdown of what Mr H owed on cancellation.*

*For the distress and inconvenience caused our investigator recommended OCISL pay Mr H £50 compensation which I think is within the range of reasonable. However, as I think the amount Mr H owes OCISL on cancellation is £30 less than the investigator, this leaves Mr H owing a balance of £3.16 rather than £33.16.*

*I therefore think the fairest outcome is for OCISL to write off this balance. I don't think Mr H should be required to pay it.*

*Mr H has provided screenshots from a comparison website which he says shows that OCISL quoted a policy for him for considerably less than the amount offered via the webchat.*

*In response OCISL says that the price available via webchat may differ to one offered online*

*due to new business and online discounts. And it says its unable to tell from the screenshot if the price quoted online was on the same day as Mr H's webchat. The level of cover Mr H requested and the day of the quote are factors that can also impact the price offered.*

*I don't have enough evidence to be able to say that OCISL acted unreasonably in offering the price for a replacement policy to Mr H via webchat when he changed his car. As a broker it provides a premium offered by a panel of insurers – the insurers decide what premium to offer depending on the platform used, the level of cover and the date. All of these factors play a part in the price offered by an insurer.*

In response to my provisional findings, OCISL said that the charge for time on cover included an insurer's minimum charge of £25. It said the balance of £84.31 was correct.

I asked OCIL to clarify what the annual premium was: its final response letter says the insurer's cost at the outset was £391.82. I couldn't reconcile the £25 insurer charge with the difference between the amounts quoted of £391.82 or £373.87. I asked for evidence Mr H had applied the additional £40 discount when he bought the policy as this was something he asked about when he complained to OCISL. And I asked why OCISL listed the discounts as a minus amount from its cancellation charges when it told us the discounts aren't applied on cancellation.

OCISL provided a further screenshot. It said the correct annual premium was £373.87 with a £30 and £40 discount applied by OCISL. It said it included the discount as part of the cancellation breakdown as OCISL breakdown the costs occurred within the file to the consumer. It said the breakdown gives the consumer an insight to what has been charged within the term, what has been paid, any discounts that have applied, the total cost of cancellation and any balance due to be refunded or outstanding.

Having reviewed the further responses from OCISL, I've found that the sums involved on cancellation were not clear to Mr H. And so I maintain my view that a fair outcome to resolve Mr H's complaint is for OCISL to write off any balance it says Mr H owes on cancellation.

### **My final decision**

My final decision is that I uphold this complaint in line with my provisional decision. I require One Call Insurance Services Limited (OCISL) to apply a compensation amount of £53.16 to the balance Mr H correctly owes on cancellation of his policy for the distress and inconvenience it caused. This therefore means Mr H owes nothing further to OCISL.

OCISL should provide Mr H with a letter confirming there is no record of cancellation by an insurer in relation to this policy – or that such cancellation has been recorded in error – as Mr H requested the cancellation of his policy.

OCISL should stop any further contact from the debt recovery agent to Mr H and ensure no adverse credit marker is set against him in respect of an outstanding balance under this policy

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 6 April 2022.

Geraldine Newbold  
**Ombudsman**