

## The complaint

Mr S complains that One Sure Insurance Limited gave him poor service in connection with a motor trade insurance policy.

Where I refer to One Sure, I include employees and others insofar as I hold One Sure responsible for their acts or omissions.

## What happened

Mr S was a construction company director. He wanted to work part-time as a motor trader.

One Sure acted as an intermediary between Mr S and his insurers. In February 2021, One Sure and Mr S arranged motor trade insurance by telephone. The insurance started on 18 February 2021. The total cost was as follows:

insurer's premium	£1,463.13
arrangement fee	£ 471.87
legal cover	£ 34.50
total	£1,969.50

After checking the documents, Mr S contacted One Sure to complain that it had made errors. On 25 February 2021, he emailed One Sure to cancel the insurance.

By a letter dated 8 March 2021, the motor trade insurer gave seven days' notice of cancellation of its policy. One Sure asked the insurer to cancel the policy with effect from 25 February 2021.

On about 23 March 2021, One Sure said Mr S had a credit balance of £157.32. One Sure wrote a final response dated late March 2021.

Mr S brought his complaint to us in May 2021. He said that One Sure should refund what he'd paid and remove the cancellation. One Sure told us that it had only charged for time on risk and half the arrangement fee.

### *our investigator's opinion*

Our investigator recommended that the complaint should be upheld. She didn't think it was fair for One Sure to charge even half the arrangement fee (£235.94). She recommended that One Sure should only charge £100.00 arrangement fee and refund the difference to Mr S with 8% interest.

### *my provisional decision*

After considering all the evidence, I issued a provisional decision on this complaint to Mr S and to One Sure on 19 January 2022. I summarise my findings:

I wasn't satisfied that One Sure had done enough to draw its terms to Mr S's attention at the point of sale. And I wasn't satisfied that an arrangement fee of £235.93 would be proportionate to the administrative work One Sure had done to set up the policy. So I didn't find that One Sure had treated Mr S fairly.

One Sure hadn't explained why it hadn't refunded for the legal cover after Mr S asked – within the cooling-off period – for cancellation.

Subject to any further information from Mr S or from One Sure, my provisional decision was to uphold this complaint in part. I intended to direct One Sure Insurance Limited to pay Mr S:

1. in addition to its figure of £157.32 – further amounts as follows:

part refund of arrangement fee	£135.93
refund of legal cover	£ 34.50
total	£170.43

2. simple interest on the total of £170.43 from 25 February 2021 to the date of the refund. If One Sure considers that it's required by HM Revenue & Customs to take off income tax from that interest, it should tell Mr S how much it's taken off. It should also give him a certificate showing this if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

Mr S hasn't responded to the provisional decision.

One Sure says it has actioned the refund.

So I see no reason to change my view.

### **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.

The Financial Ombudsman Service deals with a consumer's complaint against one regulated financial firm at a time. In our final decision, we name that firm, but we don't identify any other party or make any findings against them.

We look at individual complaints. We take into account the law, contractual terms, regulation and good practice. Above all we have to decide what's fair and reasonable.

From the first call recording, I note that Mr S said he was a director of a company and he outlined the nature of its business. Mr S asked about protecting his no claims bonus, but One Sure said it couldn't arrange that. The first quotation was to cover both Mr S and his wife to drive. Mr S found the quotation too high. He asked for a quotation to cover him but not her.

One Sure's terms of business included the following:

#### ***"What You Pay***

*We normally receive commission from insurers or product providers, typically this is from 5%-20%..... We act as a credit broker and offer introductions to [a finance provider ] to facilitate the payment of your premiums. We may receive commission for this which is typically 15.45%.*

...

*We do not charge any additional fees (payable by you) for handling your insurance or arranging premium finance unless we have agreed these with you in advance. Any fees we do charge are set out below:*

*- Policy arrangement fee: Up to 40% of the insurer's premium or £100 whichever is greater. This is non-refundable in the event of cancellation whether applied at new business or renewal.*

*- Adjustment/policy alteration fee: £35.00*

*- Cancellation fee: £85.00 (if cancelled outside of the 14 day cooling off period)*

*...  
- If your policy is voided as a result of misrepresentation or fraud, we will retain any commission lost as a result of the voidance, along with an administration fee of £80.00 and the retention of any arrangement fee applied at the point of sale*

*...  
- Administration fee of any policy treated as 'Not Taken Up' - £25.00 or the retention of our arrangement fee, whichever is greater*

*...  
- Administration fee on any refunds issued - £5.00. Any credit due back to you will not be refunded if the value is less than £15*

*...  
- In the event that a discount is applied to your policy and your policy is cancelled, we will reverse this discount, which will result in a debit for the amount of the discount being applied.*

*...  
- In the event of there being a rebate of premium following an adjustment / cancellation on the insurance policy, we will apply a charge of 20% of the rebate to cover any commission clawback that the insurer(s) may apply. Refunds will only be issued once we receive the monies from the insurers, this can take up to 6 weeks, but with some insurers it may take upto 6 months...."*

So the terms said that there would be a non-refundable policy arrangement fee of at least £100.00 and up to 40% of the insurer's premium. One Sure has also referred to this as a "NB" charge which I think means "new business". I've noted that the terms of business said that – on cancellation - One Sure could take 20% of the insurer's refund to cover clawback of commission.

The terms of business also included the following:

#### ***"Cancellation***

*...  
If your insurance policy is cancelled, either by us or if requested by yourself a cancellation fee of £85.00 will be levied against all policies unless you are replacing your policy through our agency. No fees previously charged by us will be refundable. In addition to the charges levied by us, the terms of your policy may allow insurers to retain the premium in full or to charge short-period premiums in the event of cancellation. .... Please note that we do not provide any refund for any legal Assistance Packages sold, unless this is within the 14 day cooling off period."*

So the terms provided for a cancellation fee of £85.00 in addition to the non-refundable arrangement fee.

But – whether for new business or for a renewal - I would expect a policy arrangement fee to reflect One Sure's work involved in setting up the policy. So I wouldn't expect an arrangement fee to be a percentage – let alone 40% - of the insurer's premium.

And – from the call recordings - I'm not satisfied that One Sure did enough to draw its terms

to Mr S's attention when he agreed to its terms at the point of sale.

From the second call recording, I note that One Sure provided a lower quotation. I consider that it should've reminded Mr S that it didn't cover his wife.

Mr S says he made an initial payment of £483.75. So I find it likely that he agreed to pay the balance by instalments.

Shortly after the policy started, Mr S noticed that One Sure had recorded his (non-motor trade) occupation as "service manager". And One Sure could've described Mr S's occupation more accurately as a company director. Mr S explained this to One Sure again. I can understand that Mr S was irritated by this.

He was also concerned that the policy documents said he wouldn't be covered for commuting to his main place of work in his private car.

The motor trade insurer sent a notice of cancellation asking about the nature of the business of Mr S's company. So One Sure hadn't told the insurer what Mr S had said about his company.

From an email dated the next day, I don't find that the insurer enforced the cancellation of the policy. Rather, the insurer accepted that Mr S had asked for the cancellation. So, in my view, the cancellation won't count against him.

In any event, I think it would be the insurer rather than One Sure that would be responsible if the cancellation were recorded on any external database. So I don't find it fair and reasonable to direct One Sure to do anything about the way the cancellation is recorded.

I find it likely that One Sure suffered a loss of commission. But its email of 23 March 2021 said Mr S had a credit balance of £157.32. From what I've seen, One Sure's arithmetic must've been as follows:

amount paid by Mr S	£483.75
less arrangement fee	£235.93
less time on risk	£ 56.00
less legal cover	£ 34.50
due to Mr S	£157.32

So I accept that One Sure hasn't charged Mr S for loss of commission. I note also that One Sure hasn't charged a cancellation fee.

I also note that One Sure had halved its arrangement fee from £471.87 to £235.93.

Nevertheless, I'm not satisfied that One Sure had done enough to draw its terms to Mr S's attention at the point of sale. And I'm not satisfied that an arrangement fee of £235.93 would be proportionate to the administrative work One Sure had done to set up the policy. So I don't find that One Sure has treated Mr S fairly.

Mr S had cover for the period of days between 18 February and 25 February 2021. I've seen that on 12 March 2021, the insurer sent an email including the following:

*"An RP of £1407.13 inc IPT has been generated."*

From that, I find that – from its premium of £1,463.13 - the insurer had calculated a return premium of £1,407.13. By deduction, I find that the insurer had charged £56.00 for the time

on risk of about a week. I find that the insurer was responsible for setting that charge for time on risk. So I don't find it fair and reasonable to direct One Sure to do anything about that charge.

One Sure hasn't explained why it hasn't refunded the cost of the legal cover after Mr S asked – within the cooling-off period – for cancellation.

I've thought about the impact on Mr S of the shortcomings for which I've found One Sure responsible. But the impact was mostly financial. So I consider that Mr S was right to focus on asking for a refund rather than for compensation for distress and inconvenience.

### **Putting things right**

So, in an attempt to put things right, I will direct One Sure to limit its fees to £100.00 and to refund to Mr S – in addition to its figure of £157.32 – further amounts as follows:

part refund of arrangement fee	£135.93
refund of legal cover	£ 34.50

As Mr S will have been out of pocket for about a year, I find it fair to direct One Sure to add interest at our usual rate.

### **My final decision**

For the reasons I've explained, my final decision is that I uphold this complaint in part. I direct One Sure Insurance Limited to pay Mr S (insofar as it hasn't already paid him):

1. in addition to its figure of £157.32 – further amounts as follows:

part refund of arrangement fee	£135.93
refund of legal cover	£ 34.50
total	£170.43

2. simple interest on the total of £170.43 from 25 February 2021 to the date of the refund. If One Sure considers that it's required by HM Revenue & Customs to take off income tax from that interest, it should tell Mr S how much it's taken off. It should also give him a certificate showing this if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

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

Christopher Gilbert

**Ombudsman**