

The complaint

Ms J has complained about Brightside Insurance Services Limited trading as Brightside. She isn't happy about the way it cancelled her van insurance policy.

What happened

Ms J took out a van insurance policy through Brightside. Although she was fully up to date with her premium payments and there were no issues with her policy Brightside looked to cancel her policy giving her seven-day notice. This was because her direct debit details were changing and required updating.

Ms J wasn't happy about this and so she complained to Brightside. It said that the credit provider was to blame but acknowledged that she was fully up to date with her payments. The problem was that Ms J's direct debit details were being amended which meant it was possible that her direct debit wouldn't be paid. If it wasn't possible to take payment then the policy terms and conditions allowed the policy to be cancelled. And it would appear that the problem came down to a miscommunication between Brightside and the credit provider. As Brightside maintained its position Ms J complained to this service.

Our investigator looked into things for her and upheld her complaint. She thought that Brightside didn't act in a fair and reasonable way in cancelling the policy. This was because it was clear there were no issues with payment of the premium and everything was up to date, it was just that a change in direct debit payment was required. And as she thought Brightside didn't act fairly as it just immediately looked to cancel the policy, as opposed to giving a reasonable period of time to change the direct debit details, she thought it should try and put things right by - removing any cancellation markers; refunding any cancellation and arrangement fees; only charging time on risk adding 8% simple interest; and paying £150 compensation for the inconvenience caused.

As Brightside didn't agree, maintaining that it hadn't done anything wrong and had just acted in line with its terms and conditions, the matter has been passed to me for review.

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.

Having done so I think the complaint should be upheld. I know this will come as a disappointment to Brightside, but I'll explain why. And I also think it's important to explain I've read and taken into account all of the information provided by both parties, in reaching my decision. If I've not reflected something that's been said in this decision it's not because I didn't see it, it's because I didn't deem it relevant to the crux of the complaint. This isn't intended as a discourtesy to either party, but merely to reflect my informal role in deciding what a fair and reasonable outcome is. This also means I don't think it's necessary to get an answer, or provide my own answer, to every question raised unless it's relevant to the crux of the complaint.

I know that Brightside accept that Ms J was up to date with her premiums and all this was simply caused by a change in direct debit details. And the breakdown in communication between the credit company and Brightside clearly contributed to the problems Ms J faced. I say this as Brightside blame the credit hire company and they blame Brightside, but it is clear that Ms J was up to date with her premiums. As such I agree that this has produced an unduly harsh outcome. I say this as it was clear that Ms J wasn't acting unreasonably and was doing everything expected of her to keep her policy live. Indeed, she contacted Brightside on the day of cancellation, and it put her through to the finance provider at that time. It was clear that she was doing all she could at that point in time to keep the policy live and it would have made sense for Brightside to keep her policy and extend the cancellation period.

Given all of this I think the fair and reasonable thing to do, in the particular circumstances of this case, is for Brightside to put Ms J back into the position she should have been if it have acted fairly and allowed more time and not cancelled the policy. So it should refund the cancellation fee and any other charges; remove any cancellation markers; only charge time on risk and pay 8% simple interest; and pay £150 compensation for the inconvenience caused.

My final decision

It follows, for the reasons given above, that I uphold this complaint. I require Brightside Insurance Services Limited trading as Brightside to:

- refund any cancellation fee or admin charges Ms J incurred due to the cancellation of the policy;
- remove any record of the cancellation from any internal or external databases and provide a letter of explanation to Ms J;
- only charge time on risk and pay 8% simple interest to any refund from the date of cancellation until the date of settlement; and
- pay £150 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms J to accept or reject my decision before 27 April 2022.

Colin Keegan
Ombudsman