

The complaint

Mr S has complained about his previous car insurance broker Brightside Insurance Services Limited as it hadn't taken money from him for his policy. His policy was then cancelled and Mr S thought he would have time to pay, but the full amount owing was taken from his bank account causing him, he said, to go overdrawn.

What happened

Mr S's policy, paid for by a finance agreement, was due to renew in July 2021. After changing his mind, it did eventually renew, but a miscommunication between the broker's and financier's systems meant no monthly payment was set up. And nor was it noticed the policy wasn't being paid for.

In January 2022 Mr S called Brightside to advise of some modifications made to his car. The lack of payment for the policy was then noted, and Brightside found the policy couldn't continue anyway due to the modifications. Brightside said Mr S would have to cancel the policy and pay it the £486 owing for cover to date. It said he would have seven days to pay this. Mr S disputed the charge, he felt he shouldn't have to pay, and certainly not all in one go given Brightside had made the mistake in not taking monthly payments from him.

Brightside agreed to give Mr S time to pay the outstanding amount, but said it did have to be paid. It accepted though that it had made an error in not arranging the monthly payment as it should have done and said it would waive the £60 policy cancellation charge, making the total owed to it £426. Four days later Brightside took £486 from Mr S's bank account and Mr S complained to us.

Our investigator felt Brightside had failed Mr S – not just in failing to set up his monthly payments, but in taking the full £486 of premiums from him when it had agreed to reduce that sum and make a payment arrangement. She said it should refund him the £60, and pay a further £100 compensation.

Brightside said Mr S hadn't contacted it to make a payment arrangement and it had taken the money as allowed by the terms of business Mr S had agreed to. His complaint was passed to me for consideration.

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 intend to uphold it, for the same reasons as our Investigator. Mr S was always responsible for paying Brightside for the time he had cover for. But I think Brightside failed Mr S here – and whilst it attempted to put right the consequences of its first failure, it didn't do so effectively as it attempted to, and then did, collect the amount owed in line with its usual terms of business. So Mr S was caused worry and inconvenience because money was taken from his account which he had been assured would not happen (because the only

reason it was all due and owing in one lump sum was because Brightside had failed to set up the monthly payment plan).

I understand that Brightside thinks an award of compensation, beyond the £60 cancellation fee it said it would waive but didn't, is unfair in this instance, as it took payment from Mr S in line with the policy terms. But this is not about policy terms. This is about what is fair and reasonable in the circumstances. And here Brightside's own systems, and/or its agents running those systems, caused Mr S to be in a position where, out of the blue, he owed it a large sum of money. The fair and reasonable outcome for that, as Brightside offered, would be for Mr S to have a chance to pay that money back over a period of time. But Brightside acted in such a way as to prevent Mr S from being able to do that – despite the fact it noted this is what it should do. So, despite what the terms of business usually allow, its demand for payment was unfair and unreasonable in the circumstances. As was it taking the total sum from Mr S's account, particularly when it had told him just a few days earlier that a payment arrangement could be made.

Mr S was caused upset and inconvenience due to Brightside's failure. It is only right he is compensated for that. I'm satisfied that the total Brightside should pay to Mr S for this is £160 – made up of the £60 waived cancellation fee which should have been deducted from the total owed by Mr S, and £100 compensation for distress and inconvenience.

Putting things right

I require Brightside, to make up for the distress and inconvenience it caused Mr S, to pay him a total of £160 (£100 plus a refund of the £60 cancellation fee).

My final decision

I uphold this complaint. I require Brightside Insurance Services Limited to pay the redress set out above at "*putting things right*".

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 28 April 2022.

Fiona Robinson
Ombudsman