

The complaint

Mr K complains that Herts Insurance Consultants Ltd (trading as Sterling Insurance Services) didn't cancel his motor insurance policy when asked but kept on asking him for further information. He said it didn't accept his information, so Mr K felt forced to cancel the policy and he incurred cancellation fees.

What happened

Mr K took out a non-advised policy through Sterling. He was asked to provide documentation to validate the policy. When he sent this, he said Sterling didn't accept it. Mr K said he asked to cancel the policy, but Sterling asked for the same information again.

Eventually, the policy was cancelled, and Mr K was charged for his time on cover and cancellation fees. Sterling said these had been applied in keeping with its Terms of Business, but it reduced its charge for lost commission as a gesture of goodwill. But Mr K remained unhappy.

Our Investigator didn't recommend that the complaint should be upheld. She thought Sterling hadn't mis-sold the policy as it had provided Mr K with sufficient, clear and non-misleading information about it before he decided to buy it. She thought it was entitled to ask for supporting documentation and some of that provided by Mr K was out of date.

She thought Mr K had asked to cancel the policy, but then he agreed to provide further documentation. She thought Sterling had correctly cancelled the policy due to Mr K not providing the information it needed. And she thought it had applied cancellation charges in keeping with its Terms of Business.

Mr K replied that he didn't agree. Mr K asked for an Ombudsman's review, so his complaint has come to me for a final decision.

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.

I was sorry to hear about Mr K's feelings of hurt and upset caused by his experiences with Sterling. I can understand that it must be very frustrating trying to understand and respond to its enquiries when they are not in his first language. Mr K has told us that he wants his money back, in full. Our approach in cases like this is to consider whether the broker's acted in line with its Terms of Business and fairly and reasonably.

I can see from the file that Mr K first tried to take out a policy over the phone, but he abandoned this. He then applied for a policy online. So the sale was non-advised. But, as our Investigator has already explained, we'd still expect Sterling to provide him with enough clear, fair and non-misleading information about the policy so that he could make an informed choice about whether the policy suited his needs.

I've looked at the information Sterling provided before the sale. I can see that it provided its Privacy Notice and its Terms of Business. Both of these state that documents may be required to validate the policy. I don't think this is unusual.

And I think the documents requested before the policy started weren't unusual either. These were Mr K's proof of No Claims Bonus (NCB), his driving licence DVLA check code, a copy of the car's V5 registration document, and a Limited Mileage Declaration.

So I think Mr K was provided with clear information about the policy and the validation documents required so that he could make an informed choice about whether or not the policy suited his needs. And so I don't think the policy was mis-sold to him.

But Mr K said Sterling bombarded him with requests for these documents. And he said he felt he had to cancel the policy. I've looked at the documents that Mr K sent to Sterling. He sent in the Limited Mileage Declaration. But the licence check code was invalid, and I can't see that he provided proof of his NCB or his V5.

So Sterling repeatedly asked Mr K for these documents and I think it reasonably warned him that the policy may be cancelled if they weren't provided in a timely manner. Mr K thought Sterling could have asked his previous insurer for these. But I think Sterling correctly explained it couldn't do this because of data protection rules.

Mr K told Sterling that he wanted to cancel. But when it explained the charges that would be applied, he changed his mind. And he then agreed for Sterling to write to him again explaining the documents it required. So I can't say that Sterling didn't cancel the policy as Mr K requested.

Two months after the policy had started, Sterling still hadn't received all the requested documents. So it sent Mr K seven days' notice of cancellation of the policy. And then it cancelled the policy and applied its and the insurer's cancellation charges.

I think Sterling gave Mr K ample time to provide the requested documents, but he didn't do so. And so I think it fairly and reasonably cancelled his policy.

If Mr K is unhappy with the insurer's charge for his time on cover and its cancellation charge, then he should complain directly to it. I can't consider this here as it's a separate business to Sterling.

I've looked at Sterling's Terms of Business, which Mr K agreed to when he bought the policy, and I can see that the cancellation charges are clearly set out. So I can't say it was unfair for Sterling to apply them or ask it to give Mr K a full refund.

Sterling did reduce its charge for its lost commission to the minimum, as a gesture of goodwill, which I think was fair in the circumstances. I don't require it to do anything further.

My final decision

For the reasons given above, my final decision is that I don't uphold this complaint.

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

Phillip Berechree
Ombudsman