

The complaint

Mr S complains that Atlanta 1 Insurance Services Limited (trading as Autonet) mishandled his van insurance policy.

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

What happened

On 2 June 2021, Mr S went online to get insurance. Autonet acted as an intermediary between Mr S and an insurance company. Autonet arranged a policy to start on 12 June 2021. Mr S gave Autonet his payment card details.

On 16 June 2021, Autonet asked Mr S for proof of no claims, proof of his address, his driving licence and V5 vehicle registration document. Autonet asked for the documents within 14 days.

As it hadn't received such documents, on 1 July 2021, Autonet sent Mr S a 7-day notice to cancel the insurance with effect from 8 July 2021. Mr S was on cover from 12 June to 8 July 2021, about 26 days.

Autonet ask Mr S to pay £142.59 including a cancellation fee of £50.00.

On 22 July 2021, Autonet sent a letter telling Mr S that he would get a refund.

But Autonet took £142.59 from Mr S's payment card. Mr S got his bank to recover his payment.

Mr S complained to Autonet about its claim that he still owed that balance.

By a final response dated August 2021, Autonet said that the insurance company had refunded £180.02 but that Mr S owed the balance of £142.59. Autonet apologised that its letter of 22 July 2021 had incorrectly said a refund was due to Mr S. It said it would halve its cancellation fee, that is to deduct £25.00 from the balance of £142.59. But it said that the balance of £117.59 was still due.

By a letter dated 19 November 2021, Autonet chased Mr S for the balance of £117.59. Mr S brought his complaint to us later in November 2021.

In early January 2022, Autonet's debt recovery agents chased Mr S for the balance of £117.59.

our investigator's opinion

Our investigator didn't recommend that the complaint should be upheld. The investigator thought that Autonet correctly cancelled the insurance policy but had sent an incorrect letter. The investigator thought that Autonet's reduction of the balance to £117.59 was fair – and

that was the balance due.

my provisional decision

After considering all the evidence, I issued a provisional decision on this complaint to Mr S and to Autonet on 7 April 2022. I summarise my findings:

I hadn't seen enough evidence to persuade me that Autonet treated Mr S unfairly by asking him to pay the balance of £142.59.

Autonet's letter of 22 July 2021 was mistaken to suggest that Mr S would get a refund. But that didn't mean that it would be fair for me to direct Autonet to pay Mr S a refund that wasn't actually due – or to reduce the balance he owed to zero. Rather, I looked at the impact of the mistake on Mr S. I found it likely that he was pleased to receive the letter and disappointed when Autonet said it was a mistake.

But Autonet sent its final response letter promptly apologising and halving its £50.00 cancellation fee. I found that response fair and reasonable. So I wasn't minded to find it fair and reasonable to direct Autonet to do any more in response to this complaint.

Subject to any further information from Mr S or from Autonet, my provisional decision was not to uphold this complaint. I didn't intend to direct Atlanta 1 Insurance Services Limited (trading as Autonet) to do any more in response to this complaint.

Mr S disagreed with the provisional decision. He says the following:

*"this matter is causing a huge amounts of stress at the moment. I have seeked advice and weather a mistake or not sending a letter of reimbursement I know legally it will be upheld in a court of law.
I shall make offer one last time of both parties to walk away with neither party owing or I shall seek to put papers in to the courts.
I suggest this is an amicable solution given it being heavy causing myself anxiety and depression and stress."*

Autonet said it had nothing to add to the provisional 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.

First, I'm sorry that Mr S has been unwell. But my role is to conclude our process with a final decision. That will only be binding on Mr S and Autonet if Mr S accepts the final decision. Otherwise either party is free to pursue court proceedings.

I'm satisfied that – as part of the process online – Mr S accepted the insurance company's policy terms and Autonet's terms of business.

From a "statement of fact " document, I see that Mr S gave an address in the East of England.

From the welcome letter, I see that the cost of the insurance was as follows:

Insurer's Premium	£243.49
Discount	-£118.20

Insurance Arrangement Fee	£ 40.00
Hire Vehicle	£ 11.02
Legal Expenses	£ 2.30
Breakdown	£ 24.33
Total Payable	£202.94

The insurer's premium was for insurance of the van. And the hire vehicle, legal expenses and breakdown were extra insurance or "additional products", totalling £37.65.

Curiously, I haven't seen any evidence that Mr S made any payment when he took out the insurance.

From Autonet's letter of 16 June 2021, I find that the insurance company had asked Autonet to ask Mr S for documents including proof of his address.

His complaint form gave an address in a county not in the East of England and said that a house move had fallen through, causing complications in getting paperwork to the insurance company. So I find it likely that Mr S couldn't provide documents showing that he lived at the address he had given.

As motor insurance policy terms invariably include a term allowing the insurance company to cancel the policy, I find it likely that Mr S was bound by such a term. We would usually expect a 7-day notice before cancellation took effect.

Autonet's terms included the following:

"5. Payment for Our Services

In addition to the premiums charged by your insurer, we will also charge you the following fees for arranging and administering your brokered products (see section no.3, Our Service). These fees are non-refundable and are payable at the time of the transaction to which it relates:

	Service Charge
...	
<i>Cancellation after 14 days</i>	<i>£50.00</i>
<i>Cancellation due to failure of identification process or failure to disclose an unacceptable claim within 14 days</i>	<i>£50.00"</i>

Autonet's terms also included the following:

"8. Cancellation of Insurances

You have the right to cancel your policy either verbally or in writing within 14 days of receipt of your policy documents. In this situation we reduce the new business fee by £15. Your insurer will charge for any cover provided.

If your policy is cancelled after the 14 day cooling period we will charge you £50.00. charge short period premiums in the event of cancellation before the policy expires.

Please note after the 14 day period we do not provide a refund against any additional products (see section no, 03, Our Service) you may have purchased

...
Please refer to your policy booklet for details of charges that your insurer may make, and section 5 of this Terms of Business document entitled 'payment for our services' for further information.

Discounts and cancellation:

If you cancel your policy before the end of the 12 month term we will pro-rata any discount that was applied when you took out the policy. For example, if you received a discount of £12 and the policy is cancelled six months into the 12 month policy

term, you will be expected to pay £6 for the unused portion of the discount. In the event of a debit balance you will be required to settle the balance promptly. If you fail to settle the balance we will then use any credit/debit card details you have previously authorised us to use...

I've added the underlining for ease of reference.

The first underlined sentence means that (in a cancellation after 14 days) Autonet wouldn't make a refund for any of the additional products.

The second underlined sentence means that – in Mr S's case – the discount of £118.20 on a policy cancelled after about 1 month out of 12 months would be reduced by about 11 twelfths.

The last underlined sentence means that Autonet would take payment from Mr S's payment card.

Autonet gave a 7-day notice of cancellation and included the following:

"We are authorised by [the insurance company] to act as their agents for the purpose of cancelling insurance cover and therefore give you notice that we will enforce cancellation of policy SEVEN days from the date of this letter."

So I'm satisfied that Autonet was acting as the agent of the insurance company. And it was the insurance company rather than Autonet that cancelled the policy. So I don't hold Autonet responsible for the cancellation.

As I would expect, Autonet wrote to Mr S on 8 July 2021 to confirm cancellation from that day. The letter also included the following:

"Following the cancellation of your policy we are unable to settle your account due to your direct debit awaiting clearance. Once we have received this information we will write to confirm any balance or refund due."

I'm satisfied that, in line with its terms of business, the following sums were non-refundable after the cancellation:

Arrangement fee	£40.00
Additional products	£37.65

I'm also satisfied that Autonet's cancellation fee of £50.00 was in line with its terms of business. And I'm satisfied that it was proportionate to the administrative work involved in cancelling the policy.

I've looked carefully at Autonet's letter to Mr S dated 22 July 2021. It includes the following:

"... there is a refund of premium due to you."

I can't see any monetary amount in that letter. It was the later final response letter that said the insurance company had refunded about £180.00.

I find it likely that, starting from its premium of £243.49, and deducting the refund of £180.02, the insurance company had charged £63.47. I consider that it was the insurance company rather than Autonet that set the amount of the charge for the short period of time on cover –

and any cancellation fee the insurance company charged separately from Autonet's cancellation fee. So I don't hold Autonet responsible for the amount of those charges.

Overall, I keep in mind the following figures:

Arrangement fee	£ 40.00
Additional products	£ 37.65
Insurer's charge	£ 63.47
Cancellation fee	£ 50.00
Total	£191.12

So I haven't seen enough evidence to persuade me that Autonet treated Mr S unfairly by asking him to pay the balance of £142.59.

Autonet's letter of 22 July 2021 was mistaken to suggest that Mr S would get a refund. But that doesn't mean that it would be fair for me to direct Autonet to pay Mr S a refund that wasn't actually due – or to reduce the balance he owed to zero. Rather, I look at the impact of the mistake on Mr S. I find it likely that he was pleased to receive the letter and disappointed when Autonet said it was a mistake.

But Autonet sent its final response letter promptly apologising and halving its £50.00 cancellation fee. I find that response fair and reasonable. So I don't find it fair and reasonable to direct Autonet to do any more in response to this complaint.

It's not my role to make a finding that the balance due is £117.59 – or to direct Mr S to pay that amount to Autonet.

My final decision

For the reasons I've explained, my final decision is that I don't uphold this complaint. I don't direct Atlanta 1 Insurance Services Limited (trading as Autonet) to do any more in response to this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 27 May 2022.

Christopher Gilbert

Ombudsman