

The complaint

Mr M complained that Hastings Insurance Services Limited renewed his motor insurance policy without his consent.

What happened

Hastings emailed Mr M in October 2021 saying they'd renewed his car insurance for the forthcoming year. But Mr M said he hadn't asked them to renew his policy. He said he'd cancelled it in October 2020 and had taken out alternative insurance elsewhere then. He then discovered that Hastings had been taking direct debits from his bank account during the previous year. This amounted to more than £300.

He phoned Hastings to discuss this, and to have them refund the amount they'd taken. Hastings agreed, but only once he sent them proof of the alternative insurance he'd had for the previous year and the forthcoming year. But they didn't give him an email address to do that and, in the meantime, Hastings sent him letters threatening to refer him to credit agencies if he didn't restart the direct debit. He said he had to chase Hastings about it. Once Mr M sent Hastings the proof of his alternative insurance, they refunded the premiums he'd paid. They also apologised and compensated him £30 to recognise the distress and inconvenienced caused. Mr M didn't think this was enough. He said the matter wasted his time and caused him stress .

The investigator recommended that his complaint should be upheld. They thought that Hastings had not acted fairly and reasonably and that they should pay Mr M additional compensation of £100 for his distress and inconvenience. Hastings didn't agree and so the complaint has been passed to me to decide.

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.

Hastings said that it was their policy to auto renew insurance so that cars were not left uninsured. They admitted that Mr M had contacted them in October 2020 but said it wasn't clear that he meant to cancel his policy then. In particular although his email said that he would cancel his direct debit then, he didn't cancel it. Mr M accepts he forgot to cancel it. But I think his email then is sufficiently indicative of him wanting to cancel his policy and if Hastings were in doubt about that they should have contacted him then to clarify what he meant.

Hastings listened to their calls with Mr M in October 2021 and they agreed that their service was not up to the standard they would expect. They apologised for their letter referring to the credit reference agency. They said it was a regulatory requirement that they inform consumers of steps to be taken if a debt went unpaid. They believed their £30 compensation was enough. They said they sent Mr M the policy terms and conditions and they expected him to have read those, and they had treated him like any other consumer, and followed correct process and regulatory requirements.

I think that Hastings could have done more to communicate with Mr M properly, and to help him understand why they were doing what they were doing. I think that by then Mr M had told them that Mr M he did not want to renew for the forthcoming year and that he had been insured elsewhere for the previous year. So I think that Hastings should have explained why they wanted that information and shouldn't have sent him the letter about non-payment. I think that did worry him and cause him unnecessary distress.

Putting things right

I don't think that their offer of compensation of £30 does adequately reflect the distress and inconvenience they caused Mr M and they should pay him an additional £100.

My final decision

For the reasons given above, my final decision is that I uphold the complaint.

I require Hastings Insurance Services Limited to pay Mr M £100 in compensation for his distress and inconvenience, additional to any they have already paid.

Hastings Insurance Services Limited must pay the compensation within 28 days of the date on which we tell them Mr M accepts my final decision. If they pay later than this, they must also pay interest on the compensation from the date of my final decision to the date of payment at a simple rate of 8% a year.

If they consider that they are required by HM Revenue & Customs to withhold income tax from that interest, they should tell Mr M how much they've taken off. They should also give him a tax deduction certificate 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 M to accept or reject my decision before 27 June 2022.



Rosslyn Scott
Ombudsman