

## **The complaint**

Miss R complains that Herts Insurance Consultants Ltd trading as Sterling Insurance Services (“Sterling”) mishandled her motor insurance policy.

Miss R is represented by her parents.

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

## **What happened**

In June 2021, Miss R had a provisional driving licence. She was interested in buying a particular car. She and her parents called Sterling. They got a quote for a learner driver policy for the car. They also asked for information about what the premium would go up to when she passed her test. Sterling mentioned a figure of £1,200.00.

Miss R took out a learner driver policy that started on 15 June 2021. It was for a year or until she passed her test, whichever came sooner. The policy also covered her mother as a named driver.

On 18 August 2021, Sterling said that, when Miss R passed her test, the premium would go up to about £2,300.00 because the car was in insurance group 23.

On 21 August 2021, Miss R passed her driving test and cancelled the policy.

Sterling made a refund of about £218.00 for the period between 21 August 2021 and 14 June 2022.

In September 2021, Miss R’s parents complained to Sterling that if it had given them correct information, they would never have bought the car. They said that, after the cancellation, they had insured the car in their name until they sold it for less than they had paid for it.

By a final response dated early January 2022, Sterling said that it had made a further refund of £88.22 commission.

Miss R brought her complaint to us without delay.

In its submission to us, Sterling offered to make a further refund of its administration fee.

### *our investigator's opinion*

Our investigator recommended that Sterling's offer was fair. She didn't think that Sterling had made an error or should have provided information on how the insurers rate their policies.

### *my provisional decision*

After considering all the evidence, I issued a provisional decision on this complaint to Miss R and to Sterling on 12 May 2022. I summarise my findings:

Sterling's submission to us offered to refund the admin fee. Sterling had recently confirmed that this is a further £50.00. Deducting that refund, Miss R would've paid Sterling £206.44.

I'd accepted that Sterling would charge Miss R the following:

time on cover (approx.)	£ 80.00
extras	£ 88.00
cancellation fee	£ 40.00
total (approx.)	£208.00

That figure of approximately £208.00 is broadly in line with the figure of £206.44.

I expected Sterling to provide a detailed statement of account.

Subject to any further information from Miss R or from Sterling, my provisional decision was to direct that Sterling should make the further refund of £50.00, but not to direct Sterling to do any more in response to this complaint.

Miss R has acknowledged receipt of the provisional decision.

Sterling accepted the provisional decision.

So I see no reason to change my view.

### **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 have to decide what's fair and reasonable. In making that decision, I have to take into account the relevant law, regulation and good practice.

Miss R has quoted from the Insurance Act 2015, Part 2 Section 3 and Part 5 Section 17. In my view, that doesn't help her because:

- Part 2 doesn't apply to consumer insurance contracts.
- Section 17 has a narrow definition of "*disadvantageous term*". That is specific to terms contracting out of terms that don't apply to consumer insurance contracts or contracting out of the implied term to pay a claim within a reasonable time.
- Miss R entered into a consumer insurance contract.
- Miss R has no complaint about a term relating to payment of a claim.
- Sterling is not an insurer.

Sterling was acting as an intermediary between Miss R and an insurer. Sterling was responsible for setting its own fees, but the insurer, rather than Sterling, was responsible for setting the insurance premium.

Miss R is complaining about the information Sterling gave rather than about the level of the premium after she passed her test.

I've noted that Miss R was enquiring about a small car with a small engine. And it had been made in about 2006. Its value was about £2,600.00. But it was a convertible.

From the June 2021 call recordings, I'm satisfied that Sterling made clear from the outset that it wouldn't be possible to get a quote for Miss R with a full licence until nearer to the date of her test. But Sterling gave a ballpark figure of £1,200.00 or more.

I don't consider that Sterling was under a duty to warn Miss R that the car was in a high insurance group. That was merely one factor that would've been reflected in the quote it gave her for the learner policy.

So I don't consider that Sterling unfairly caused Miss R to buy a car that she wouldn't otherwise have bought. And I don't find it fair and reasonable to direct Sterling to compensate Miss R for the net loss she and her parents have suffered after buying, insuring, taxing, advertising and selling the car.

I don't consider that any of Sterling's refunds or offers amounted to an admission of liability. I note that Sterling initially charged the following:

Motor insurance	£425.32
Extra cover:	
Personal accident	£ 17.00
Keys	£ 19.00
Excess	£ 52.00
Subtotal of extras	£ 88.00
Admin fee	£ 50.00
Total	£563.32

I've noted that Sterling's terms of business provided for a cancellation fee of £40.00.

Miss R's mother has said that after the cancellation, Sterling persuaded the insurer not to charge a short-term rate for the short time on cover – so it made a pro-rata refund. She has said that was about £346.00.

To put it the other way round, the motor insurer's charge for time on cover was about £80.00. I haven't seen Sterling's confirmation of that, but it looks about right to me. I wouldn't expect Sterling to have made a refund of the extra cover for accident, keys or excess protection, totalling £88.00.

And I would expect Sterling to charge a cancellation fee of £40.00.

Sterling refunded Miss R £218.66. Deducting that refund from the total of £563.32, Miss R had paid Sterling £344.66.

Sterling later refunded a further £88.22. Deducting that refund, Miss R had paid Sterling £256.44.

Sterling's submission to us offered to refund the admin fee. Sterling has confirmed that this is a further £50.00. Deducting that refund, Miss R would've paid Sterling £206.44.

I've accepted that Sterling would charge Miss R the following:

time on cover (approx.)	£ 80.00
extras	£ 88.00
cancellation fee	£ 40.00
total (approx.)	£208.00

That figure of approximately £208.00 is broadly in line with the figure of £206.44.

Sterling still hasn't provided a detailed statement of account.

### **Putting things right**

I find it fair and reasonable to direct that Sterling should make the further refund of £50.00, but not to direct Sterling to do any more in response to this complaint.

### **My final decision**

For the reasons I've explained, my final decision is that I direct Herts Insurance Consultants Ltd trading as Sterling Insurance Services to make the further refund of £50.00 to Miss R.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss R to accept or reject my decision before 11 July 2022.

Christopher Gilbert

**Ombudsman**