

## **The complaint**

Mr C is unhappy he was treated unfairly by Action 365 Ltd (Pukka Services) when he purchased and then cancelled his car insurance policy.

## **What happened**

On 4 March 2021, Mr C purchased a car insurance policy through a broker for £520.59. The broker is an appointed representative acting for and on behalf of Pukka Service – so for ease of reading I'll only refer to Pukka Services in my decision.

Mr C's proof of no claims discount wasn't accepted as he'd accrued it on a fleet insurance policy. So, he asked to cancel his policy on 12 March 2021. He received a refund of £418.18 after a deduction of a £52.50 new business fee, £45 cancellation fee and £4.91 for time on cover.

Unhappy with the refund amount, Mr C raised a complaint. He said that he wasn't made aware of these fees, and neither was it made clear to him that no claims discount on a fleet insurance policy wouldn't be accepted. He was also dissatisfied with the customer service he received – he wasn't told about the fees when he called to cancel the policy, failed call back promises and incorrect information in the final response letter.

Pukka Services said that the terms and conditions highlighted the charges which Mr C agreed to, before purchasing the policy. They confirmed the refund amount provided was correct.

Our investigator said it was fair for Pukka Services to apply the £52.50 new business fee as it was explained in the terms and conditions which Mr C accepted. But he asked Pukka Services to pay Mr C £100 compensation for the distress and inconvenience caused by the customer service issues.

Pukka Services initially accepted the investigator's recommendation, but then stopped engaging with our service. Although Pukka Services or Mr C didn't ask for an ombudsman's decision, this is usually the next step in our process in these circumstances. Since the complaint couldn't be resolved, it has been passed to me for a decision.

## **What I had provisionally decided – and why**

I issued a provisional decision on 8 June 2022, and I made the following findings:

*Firstly, I'd like to clarify that I'm considering this complaint against Pukka Services instead of the broker. This is because the broker is the appointed representative of Pukka Services. This means Pukka Services are ultimately responsible for any actions or inactions by the broker as they act for and on behalf of Pukka Services.*

*For clarity, Mr C's complaint about the cancellation fee of £45 which was charged by the insurer is being considered against them separately, as they are responsible for this aspect of the complaint – so I won't be commenting about it any further here.*

### *New business fees*

*Sometimes a broker will charge an arrangement fee instead of receiving commission, and this fee isn't usually refunded if the policy is cancelled. But I'd expect that this is made clear to the consumer when the policy is sold.*

*I've seen a screenshot of the page Mr C would've seen before he purchased the policy. The page includes a quote for the policy with an asterisk next to the total amount. At the bottom of the page, this is explained as:*

*"these prices are inclusive of Insurance Premium Tax, Instalment interest (if instalment option selected) and a £XX non-refundable new business fee."*

*It also has hyperlinks to the terms and conditions, policy wording, policy information and privacy policy. Mr C had to tick a box to confirm he agrees to the information in these documents before proceeding to click 'Buy now.'*

*On page 2 of the terms and conditions, a table clearly sets out all the charges that may apply to Mr C's policy. This explains that at new policy inception, a charge will be made based on the type of policy purchased which will be a maximum of £100. It further states that the actual charge payable will be confirmed before going ahead with the purchase. This is confirmed in the screen I've mentioned above.*

*I'm satisfied Mr C was reasonably made aware that a £52.50 non-refundable new business fee would be charged, as it was mentioned on the page Mr C would've seen before he purchased the policy as well as in the terms and conditions which he confirmed he agreed to.*

*If Mr C wasn't happy to pay the non-refundable new business fee, he was within his rights not to proceed with the purchase. So, I can't fairly ask Pukka Services to refund this fee.*

### *Sales process*

*Mr C generated his quote initially through a comparison site before being directed to the broker. I've looked at the question he was asked regarding no claims discount when completing his quote – I'd expect this to be clear and not misleading:*

*"How many years no claims bonus do you have?"*

*Having looked at this, the question clearly refers to how many years no claims bonus Mr C had personally. There is also a question mark next to this with text and guidance on how to answer the question.*

*This explained:*

*"A no claims bonus (NCB) is awarded for each continuous year you hold private car insurance in your own name without making a claim..."*

*I'm satisfied this makes it clear that the no claims discount is given on private car insurance policies. I appreciate Mr C didn't make any claims for seven continuous years while he was insured on a fleet insurance policy, but this was not a policy he held in his own name on a private car insurance.*

*As I explained, the question asked was clear but, in any event, I think it's reasonable to expect Mr C to have checked the guidance text before answering the question – particularly since he was aware that he was only insured to drive on a fleet insurance policy which wasn't in his name, and he was applying for a private car insurance policy.*

*I wouldn't expect the question or guidance to specify that no claims discounts on a fleet insurance policy would be excluded, nor would I reasonably expect it to be mentioned in the terms and conditions.*

*I say this because, the question and guidance text are already clear that the no claims discount is awarded for each continuous year where a private car insurance policy is held in the customers own name without making a claim. It's also not realistic or practical to specify exclusions regarding other types of policies as it's not relevant to most customers purchasing private car insurance.*

*All things considered, I'm satisfied Mr C was asked a clear question and was provided guidance text to help answer it. I can't hold Pukka Services responsible if Mr C assumed his no claims discount on a fleet insurance policy would be accepted without reading the guidance text.*

#### *Customer service*

*I've listened to the call of 12 March 2021, when Mr C asks to cancel the policy. I agree Mr C wasn't informed of any charges during this call. However, the adviser lets him know that a different department would deal with the cancellation and send him a breakdown. I can see this was sent to Mr C on 18 March 2021. This wasn't unreasonable.*

*Turning to Mr C's point on failed call back requests, looking at the contact records, I can see that Mr C was promised call backs. However, the records don't indicate that he was given a timescale.*

*I think it would have been helpful for Pukka Services to have told Mr C when to expect the call back, but I'm satisfied Mr C was contacted within a reasonable time. And his complaint was addressed quickly, within 12 days of him first raising his concerns. So, I can't agree the customer service was poor.*

*That said, I agree the final response letter had incorrect information as it said Mr C had cancelled his policy outside the 14-day cancellation period. While this appears to be a typographical error, it materially affects the outcome from Mr C's point of view (he had cancelled within 14 days). There were also other minor errors on the amount charged for the new business fee and on who applied which charge.*

*I agree this would have been confusing and frustrating for Mr C. It gives the impression that his concerns weren't taken seriously which would naturally be disappointing. Taking into account the impact on Mr C, I think Pukka Services should compensate him with £50 to reflect the distress and inconvenience he was caused.*

*I don't think a higher amount of compensation is warranted here because dealing with financial businesses isn't always hassle free and mistakes do happen. I need to be satisfied that the impact was more than the normal nuisances of everyday life.*

*While Mr C expected a higher level of customer service as he feels he should've been informed about the charges when he called to cancel, and he shouldn't have*

*had to chase the call backs. I don't think these issues are significant enough to ask Pukka Services to pay compensation – particularly when they did provide him with a breakdown of charges and called him back within a reasonable time.*

*Having considered the impact of the incorrect information in the final response letter, I'm satisfied £50 is fair and reasonable in all the circumstances of this complaint.*

### **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 invited both parties to respond to my provisional decision with any further submissions.

Mr C agreed with my provisional decision and didn't have anything to add. Pukka Services haven't responded within the deadline given.

Since the parties haven't provided any further comments or information, there isn't anything else for me to consider. I'm satisfied with the findings I reached in my provisional decision.

In summary, to put things right, Pukka Services should pay Mr C £50 compensation for the distress and inconvenience he was caused.

### **My final decision**

For the reasons I've given above, my final decision is that Action 365 Ltd should pay Mr C £50 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 22 July 2022.

Ash Weedon  
**Ombudsman**