

The complaint

Mr M complains that a motor insurance quote given to him by Hastings Insurance Services Limited trading as Hastings Direct (HISL) was much lower than the actual cost of the insurance.

What happened

Mr M had a motorbike insured through HISL. A few days after taking out the policy he contacted HISL via its online chat facility to ask about the cost of insuring a different bike. He had most of the details of the bike, but he said as it was new he didn't yet have the registration number.

HISL quoted him about an extra £40 to change the policy to the new bike. Mr M said:

"Thanks. Can you keep a record of that please, as I am still talking to the dealer. I don't want any changes yet".

The call handler replied:

"Yes sure [Mr M] just to let you know the price may change as there is no registration on the quote."

Mr M asked:

"Will it change by much".

The call handler replied:

"I could not say without the registration."

Mr M said:

"The bike is the same. I don't want to buy it then you tell me it's an extra £500!"

The call handler said:

"If you can come back to us with the registration we can run this again before you decide to go ahead."

Mr M said:

"They won't register it until I buy it. Could I use a registration of a similar bike".

The call handler said:

"I see so if the registration matches the details of the bike the price will remain the same".

Mr M says he went ahead and paid a deposit on the bike on the basis of the quote. He then

contacted HISL to take out the insurance. In this live chat Mr M said:

"Hi [call handler] I have the reg number for the bike I am changing to I did a quote yesterday...I am picking it up tomorrow".

Mr M gave the call handler the registration number and confirmed the make and model. There was some discussion about the correct make, model, year and engine size. This time the quote came back as an increase in Mr M's premium of approximately £800. Mr M said the previous quote was a lot less. The call handler said:

"Yesterdays quote was a rough quote based on the [make and model] 2021 model. Today I've put down 2020 as you had mentioned earlier."

Mr M queried this and the call handler said:

"The insurers provide the price based on their set criteria. The details put down as the ones we have discussed on this chat. The difference is yesterday you've requested a rough quote based on a 2021 model...Please note that our prices aren't guaranteed and can increase or decrease at any time. We offer the policy on the insurer's behalf which means we don't control the price...To confirm yesterdays quote was without a registration which would be a rough quote only. I will provide the details."

Mr M was able to reduce the cost to an extra £301.57 by reducing the annual mileage. His compulsory excess also went up from £200 to £350.

Mr M asked about the cost of cancelling the policy and said he would get some other quotes. However he did stay with the HISL policy. He says he only found out about the actual cost of the new policy the evening before he was due to collect the bike and there wasn't time to shop around.

Mr M had also asked HISL for a quote to change the policy to a different bike the day before asking for the quote for the bike he went on to buy. In this live chat the call handler advised him:

"I can give you a quote but we do work on real time pricing so the price may go up or down depending so this quote may not be same price you get when you make the change...This quote will expire at midnight."

Mr M wasn't happy about what had happened, so he complained to HISL. HISL didn't uphold his complaint, saying that he'd been told in the first two chats that the price might be different from the quote.

Mr M wasn't happy with this response so he complained to this service. Our investigator didn't uphold his complaint. He said HISL had told Mr M that the price of the policy for the new bike could change once the registration number was provided, but Mr M didn't get this quote before paying a deposit for the bike. The investigator didn't consider HISL made any mistakes.

Mr M wasn't happy with this response so his complaint has been passed to me. Mr M says he'd wanted the quote so he could decide whether to buy the new bike. He says if he'd have known how much the insurance would be he wouldn't have bought the bike. He wants to be compensated for what he says are mistakes made by HISL which he says have caused him much distress. He wants the originally quoted cover for the originally quoted price.

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 uphold Mr M's complaint. I'll explain why.

On 10 June 2022 I issued a provisional decision. My provisional decision said:

I intend to uphold Mr M's complaint. I'll explain why.

In the first online chat Mr M gave full details of the new bike and said it was a 2020 model. However it seems that HISL ran the original quote as a 2021 bike as Mr M told it the bike was new, and he asked for the quote at the end of 2021. HISL has pointed out to our investigator that in fact the bike wasn't brand new as the year of manufacture was 2020.

HISL has provided premium data which confirms the quote as accepted by Mr M was correct and was calculated in line with the new risk and inputted details. I can't share details of this with Mr M as it is commercially sensitive, but it does show a price of £301.57.

I can see that Mr M was correctly advised by HISL that the price of the quote he was given might be different when the registration number of the bike was inputted. He was also advised that any quote was only valid for a short period of time. However he was also told that if all the details of the bike matched the registration the price would be as first quoted. The details given by Mr M did match the registration. The problem seems to be that HISL used the wrong date to run the first quote.

Mr M took all the precautions he could to get an accurate quote for insuring the new bike before he agreed to buy it. I don't think it was fair or reasonable of HISL to then increase the actual price from the extra £40 it quoted to an extra £800.

It's difficult to say exactly how Mr M can be put back in the same position he would have been in had the initial quote been accurate. I can't require HISL to give Mr M the originally quoted cover for the originally quoted price, as that quote was for a different bike. So I intend to require HISL to compensate Mr M for the distress and inconvenience caused by the disappointment of his legitimate expectations.

My provisional decision

For the reasons given above, I intend to uphold Mr M's complaint.

I intend to require Hastings Insurance Services Limited trading as Hastings Direct to pay Mr M £301.57, equal to the price he paid to insure the new bike.

Responses to my provisional decision

Mr M said:

"I am extremely happy that the ombudsman has finally decided to uphold my complaint and find in my favour. I am happy that it has been recognised that HISL made mistakes.

The only point I wish to highlight is that the situation has been unnecessarily prolonged due to failure to listen to me, the customer, at previous stages. HISL failed to own up to the initial mistake and completely failed to look at it in any meaningful way when I initially raised my concerns."

HISL said:

"I've reviewed the provision decision and disagree with the outcome. I would like to put forward the additional points for consideration.

In the quote ran on 16th December 2021, we offered a price of around £40.00 additional premium. Mr [M] said he didn't have a registration as the bike was brand new, which would suggest 2021 model (considering new registrations come out in March and September of each year). When inputting the vehicle make and model, the year of make pre-populated as 2021. This is further supported by looking at the change of vehicle web-chat on 17th December 2021. When the registration was inputted, the representative said it was a 2021 model. Mr [M] said it was a 2020 model, which is where the representative manually overtyped this year of make. If a customer (who would have signed papers when buying the vehicle), states the year is 2020, we wouldn't dispute this. I'm satisfied, we ran the quote based off the information given by Mr [M].

I've checked the year of manufacture for this vehicle and it was in fact 2021, which is why this vehicle was pre-populated on the first quote. See the below evidence...

Furthermore, you have said "It's difficult to say exactly how Mr M can be put back in the same position he would have been in had the initial quote been accurate". Mr [M] was provided with the option to cancel the policy, issuing him pretty much a full refund due to how little time he had on cover. Mr [M] chose to stay with us and pay the additional premium, which suggests he was unable to find a policy any cheaper elsewhere. Additionally, the original quote was accurate, as per the HPI check.

If the initial quote had been processed, Mr [M] would have had to pay £39.95 to process the change, therefore we shouldn't be refunding the full £301.57 to Mr [M].

Your service often asks us to provide compensation for the trouble and upset and have a view on how this can't be premium. We have evidenced the premium is correct as per the details inputted (this hasn't been disputed), however you've asked us to pay the same cost of the premium in compensation. Can you explain how this quantifies to the material trouble and upset on Mr [M]? Mr [M] has had the cover in place since 17th December 2021, so we wouldn't refund used premiums.

Your website provides the following explanation "Typically an apology or small monetary award of less than £100 will fairly compensate a one-off incident or occurrence such as a small administrative error or short delay. An apology can often be enough to remedy these types of mistakes as long as they cause minimal impact and are put right quickly". As you've agreed the premium is accurate, the minor error is our failing to tell Mr [M] the vehicle was showing as a 2021 model. However, you could also argue, this isn't our place to provide this information as we didn't sell Mr [M] the vehicle and our representatives are not registered within the motor trade.

We have no evidence to suggest Mr [M] could've obtained cheaper insurance. we also have no evidence to suggest Mr m wouldn't have purchased the new bike if we had offered the higher price in the first instance. I say this, because Mr [M] did allow us to make this change and did pay the higher premium, knowing his option to cancel the policy. As such, I can't see how these warrants over £300.00 compensation."

Mr M was clear in the first online chat about this bike that the bike was a 2020 model. He said this at least three times in the chat. He wasn't to know that HISL actually ran the quote for a 2021 model. At this point he hadn't bought the bike. The call handler on the chat told him it would be about an extra £40 to change the policy. The call handler also confirmed that

as it was within the first weeks of the policy there wouldn't be an administration charge to change the bike. Mr M asked if the quote would change by much once he had the registration. The call handler said:

"I see so if the registration matches the details of the bike the price will remain the same".

It was on the basis of this assertion that Mr M went ahead and bought the bike. But the actual quote came back at approximately £800 more than the cost of his previous policy. Mr M was only able to reduce the price to an extra £301.57 by taking out less advantageous cover. I think Mr M was caused a lot of distress and inconvenience by HISL's error. He bought a bike which he says he wouldn't otherwise have bought and he had to pay an unexpectedly large amount of money to obtain less favourable cover than he had for his previous bike. This would have affected him for the term of the policy.

I've carefully considered HISL's comments, but I still think that it should compensate Mr M for this distress and inconvenience and for the disappointment of his legitimate expectations.

My final decision

For the reasons given above I uphold Mr M's complaint. I require Hastings Insurance Services Limited trading as Hastings Direct to pay Mr M £301.57 in recognition of the distress and inconvenience caused by the disappointment of his legitimate expectations.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 18 August 2022.

Sarah Baalham
Ombudsman