

The complaint

Mr N complains about the level of service and the fees charged by I Go 4 Ltd in regard to his motor insurance policy.

What happened

Mr N took out a policy through I Go 4 Ltd. It validated his details and found that a fault claim had been disclosed as non-fault. It reduced Mr N's No Claims Discount (NCD) and it applied an additional premium and a charge for the change. Mr N was unhappy as he'd provided proof of five years NCD. I Go 4 Ltd apologised, waived the charge and amended the premium. Mr N cancelled the policy. I Go 4 Ltd then said Mr N owed an amount for his time on cover and a cancellation fee, totalling £124.74. Mr N remained unhappy.

our investigator's view

Our Investigator recommended that the complaint should be upheld. She thought I Go 4 Ltd had reasonably relied on the Claims and Underwriting Exchange (CUE) for information about Mr N's claims history. And she thought it was for Mr N to contact his insurer to amend any incorrect details. But she thought I Go 4 Ltd shouldn't have charged Mr N an administration fee for changes made online or for changes it had to make. She thought it should reduce the amount he owed to £89.74.

I Go 4 Ltd replied that the administration fee was applied when the customer didn't make the change themselves online and this was done by the back office team. Mr N replied that he didn't think he should be charged a cancellation fee when the reason he'd cancelled was that he was unhappy with I Go 4 Ltd's customer service.

my provisional decision

After considering all the evidence, I issued a provisional decision on this complaint to Mr N and to I Go 4 Ltd on 17 August 2022. I summarise my findings:

I could see that neither party had objected to the Investigator's explanation around the NCD issue. I agreed that it was reasonable for I Go 4 Ltd to rely on CUE for a record of Mr N's previous claims. This may not be accurately reflected in his proof of NCD as it may be protected. I thought I Go 4 Ltd reasonably corrected its error and explained that Mr N should contact his insurer to correct CUE. So I didn't consider that aspect of Mr N's complaint further.

But neither party agreed with the Investigator's view on the fees charged at cancellation. Our approach in cases like this is to consider whether the broker's acted in line with its terms and conditions and fairly and reasonably.

Like the Investigator, I looked at the list of fees and charges that was provided to Mr N when he bought his policy:

"What you will have to pay for our services

All other changes to your policy – completed online £0

Completed via telephone -£35

Your policy is a contract for 12 months. If your insurance is cancelled for any reason you will be charged £75 in addition to the charge made by your insurer for the cover you have received.

Please note all fees charged are non-refundable in the event of cancellation."

When Mr N cancelled his policy, I Go 4 Ltd charged him for his time on cover and a cancellation charge. I could understand that Mr N felt unhappy with the level of service he received from I Go 4 Ltd. But I thought the cancellation charge was clearly set out in the policy's terms and conditions. And, as Mr N cancelled outside the 14 day cooling-off period, I thought it was fairly applied. I also thought it was fair for I Go 4 Ltd to make a reasonable charge for its services and I thought £75 was in keeping with other cancellation charges I'd seen.

I Go 4 Ltd said the charge for time on cover included the insurer's charge of £14.74 which I thought was fairly calculated on the basis of a daily charge. It said it also applied a £35 charge for its administration of the policy when it changed the claims information.

But in its response to Mr N's complaint, I Go 4 Ltd had already waived the £35 fee for the changes of claims information. I Go 4 Ltd later said there were multiple changes on the policy and so the fee was charged twice. But the only other changes that I could see were to the NCD entitlement and subsequent premium. And I Go 4 Ltd agreed that these changes were wrongly applied due to its own errors. So I didn't think it would be fair to apply a charge for something that it had done wrong.

In any case, the policy's terms and conditions stated that there was a £35 fee when changes are made by telephone. And I couldn't see that Mr N made any changes by telephone. But no fee is charged when the changes are made online. There was no mention that a fee would be charged for amendments made by I Go 4 Ltd. So I didn't think it would be fair or reasonable for I Go 4 Ltd to apply this charge in Mr N's circumstances.

In summary, in keeping with its terms and conditions, I thought I Go 4 Ltd should only charge Mr N for the insurer's charge for time on cover and its cancellation fee, £89.74 in total.

Subject to any further representations by Mr N or I Go 4 Ltd, my provisional decision was that I intended to uphold this complaint. I intended to require I Go 4 Ltd to waive its administration fee and charge Mr N £89.74 for the cancellation of his policy.

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.

Neither Mr N nor I Go 4 Ltd has provided any further representations for me to consider. So I can see no reason to change my provisional decision.

Putting things right

I require I Go 4 Ltd to waive its administration fee and charge Mr N £89.74 for the cancellation of his policy.

My final decision

For the reasons given above, my final decision is that I uphold this complaint. I require I Go 4 Ltd to carry out the redress set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N to accept or reject my decision before 12 October 2022.

Phillip Berechree
Ombudsman