

The complaint

Mr F complains about how Granite Finance Ltd (Granite) handled the payments for his motor insurance policy.

What happened

Mr F had a motor insurance policy arranged through an insurance broker. The premiums were paid through Granite which is a premium funding company.

In February 2022 Mr F was trying to pay his monthly instalments and entered into an agreement with Granite to pay weekly. The weekly payments meant that he continued to pay his February payments into March.

The March monthly payment wasn't collected by Granite. It should have sent a letter to him letting him know, but this wasn't sent due to a system error.

Granite then didn't collect his April instalment, and Granite told Mr F his policy was no longer in force.

Mr F had to take out a second policy at short notice because he needed to use his car to get to work.

Mr F wasn't happy about this, and he complained to Granite. He asked for a copy of the letter telling him his payment hadn't been taken. Granite then realised the system error and the payment hadn't been collected and reminder letter sent.

Granite paid Mr F £25 for his distress and inconvenience. It also said it arranged for his original policy to continue, and it arranged for the cancellation of his new one.

Mr F remained unhappy and brought his complaint to this service. Our investigator looked into his complaint and upheld it. She said she thought Granite had caused Mr F distress by its errors, and inconvenience to sort out Granite's mistakes. She said Granite should increase its compensation to £150.

Mr F agreed with the view, but Granite didn't respond. So Mr F's complaint has been passed to me to make a final decision.

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.

Having done so, I'm upholding it and I'll explain why.

Granite has failed to respond to this service's approaches since the view was issued so I've made my decision based on the information it sent this service in 2022 and further information from Mr F.

When Granite failed to collect the March direct debit, and then didn't send Mr F the letter telling him about this, it fell to him to ask Granite for a copy of the letter.

Granite weren't able to supply Mr F with a copy of it, which seems to be when it realised that it had made errors with Mr F's account.

I can see from the file that Mr F's payments had varied quite a lot during the period of time in question, but it seems to me that Granite's systems should have been able to cope with what had happened because it is an insurance premium finance provider.

Mr F had said about how inconvenient he's found the whole process, with multiple calls and emails to try and resolve the problem. He's had to arrange an alternative policy because he needed to get to work in his car. It's clear that it's caused him a lot of worry and stress. I don't think Granite's offer of £25 compensation is enough. I've looked at what this service would recommend in similar circumstances, and I think £150 is a more appropriate level for his distress and inconvenience.

In later correspondence with this service, Mr F has said there's been a further problem with Granite's system meaning it has again asked the broker to cancel his policy. I'm not able to consider this further problem here because Mr F needs to make his complaint to Granite in the first instance. But if he's unhappy with its response, then he can make another approach to this service.

My final decision

For the reasons set out above, my final decision is that I uphold this complaint. I direct Granite Finance Ltd to pay Mr F £150 compensation for his distress and inconvenience.

Granite Finance Ltd must pay the amount within 28 days of the date on which we tell it Mr F accepts my final decision. If it pays later than this, it must also pay interest on the amount from the date of my final decision to the date of payment at 8% a year simple.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 17 April 2023.

Richard Sowden
Ombudsman