

The complaint

Mr and Mrs W are unhappy that Hastings Insurance Services Limited (Hastings) asked them to pay for the remainder of their policy after cancelling it.

Mr and Mrs W had home insurance in joint names but, for ease of reading, I'll refer only to Mr W.

What happened

Mr W cancelled the home insurance policy because he'd moved and didn't need the insurance anymore. Hastings cancelled the policy and told Mr W that the outstanding premium for the remainder of the policy was due. That was because he'd made a claim during the policy year which it had paid. Mr W asked Hastings to send him details to look at another time.

Hastings sent confirmation to Mr W and followed that up with payment chaser letters. In its final chaser letter, Hastings told Mr W that if it didn't receive payment by the given date, the debt would be referred to an external debt collection agency (DCA).

Hastings didn't receive payment, so it referred the debt to an external DCA.

Mr W complained to Hastings about the outstanding balance it said he owed, and about the debt collection letters he'd received from both Hastings and the external DCA. Hastings said the policy terms allowed it to seek payment of the outstanding balance, and sent its final response letter to Mr W. So, Mr W brought his complaint to this service.

Our investigator didn't think Hastings had done anything. He agreed that Hastings had asked for payment in line with the policy terms, and that it had followed the correct process to refer the outstanding balance to an external DCA. Our investigator didn't think there was anything for Hastings to put right.

Mr W didn't agree. He didn't have any further evidence to provide but he asked for another opinion.

The complaint was passed to me to decide.

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.

While I realise Mr W will be disappointed with my decision, I've decided not to uphold his complaint.

For clarity, the actual claim which led Hastings to charge for the remaining policy premium is not in consideration here. That matter has been dealt with under a separate complaint about the underwriter.

My decision is about whether it was fair for Hastings to charge Mr W for the remaining premium and whether it was fair to refer the debt to an external DCA. Our investigator also confirmed the limitations of this decision to Mr W.

Premium

Hastings said it charged the remaining premium because Mr W had made a "fault" claim – one for which it couldn't recover funds from any other party.

I've looked at the policy booklet and on page 60 under the heading Cancellation, it states:

No refund of premium will be given if you've made a claim, or if one has been made against you, during the period of insurance. If you're paying by instalments, you'll have to pay the balance of the annual premium.

Mr W made a claim under his policy which the insurer paid, therefore I'm satisfied that Hastings asked for payment of the outstanding premium in line with the policy terms and conditions.

I don't think Hastings did anything wrong.

Debt collection

Hastings told Mr W that it would refer the outstanding premium to an external DCA if he didn't pay. I've looked at the process Hastings followed but I can't see any evidence to suggest it acted unfairly. Hastings notified Mr W of the amount outstanding and why it was due. It sent chaser letters and left voicemail messages. Hastings then notified Mr W of the final date to pay, after which it would refer the debt on.

Having decided that the outstanding amount was due, I'm satisfied it was reasonable for Hastings to also chase payment of the debt and refer it to an external DCA due to non-payment.

Overall, I can understand that Mr W wouldn't necessarily have thought about needing to pay the rest of the policy when he moved and cancelled the insurance. So, I can see why it would've come as an unwelcome surprise. But the requirement to pay in the event that a claim had been made is clearly set out in the policy. And it was reasonable for Hastings to refer the debt due to non-payment.

Therefore, I've decided there's nothing for Hastings to put right here.

My final decision

For the reasons given above, my final decision is that I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs W and Mr W to accept or reject my decision before 13 January 2023.

Debra Vaughan
Ombudsman