

The complaint

Mr F complains on behalf of Miss F about how Hastings Insurance Services Limited (Hastings) administered the payments for her motor insurance policy.

What happened

For ease of reading, I'll refer to Miss F throughout.

Miss F had a motor insurance policy arranged through Hastings covering her car.

When Miss F took out her policy in July 2021, she was learning to drive and had a provisional driving licence. When she passed her test, she contacted Hastings and told it about the change to her licence.

Hastings told Miss F that her premium had increased substantially, to around £245 per month. Miss F initially accepted this, but later asked Hastings if her premium could be reduced. Hastings said it couldn't change the premium as the underwriter of the policy set the price.

Miss F has now made a separate complaint against the underwriter of the policy about this increase in price, so I won't be commenting further about this here.

On 30 November, Miss F realised Hastings were quoting cheaper premiums online of around £130 per month and she contacted it to ask why. Hastings told her that prices can change on a daily basis, but Miss F felt she was being overcharged.

Hastings spoke to Miss F and offered to cancel her policy and transfer her to a new insurer at a lower monthly payment of around £172 per month. Hastings also said it would waive fees of £95 if she chose that option. It confirmed the details in an email and Miss F said she needed to think about it and would call back. Miss F emailed Hastings later that same day, to ask whether payment for this new policy would be in addition to her existing payment, but it was closed.

Because Miss F wasn't sure about her payments, she decided to cancel her direct debit.

Hastings were due to take a payment from her account on 2 December, and when this failed, Hastings said it would attempt payment on the 18 December. But instead, Hastings took the payment on 9 December from her debit card using its Continuous Payment Authority.

When she noticed this payment, Miss F contacted Hastings. She was then told incorrectly she'd have the money returned shortly. Hastings said it'd made an error. It waived some charges and awarded Miss F £30 compensation.

Miss F's car remained on cover through Hastings until it cancelled the policy with effect from 25 December. Miss F had a balance to pay of £208.29 and Hastings agreed to waive some charges, and award the £30 compensation to offset this payment. It asked Miss F to pay £108.29 in final settlement, or it would arrange for an external debt collection company to

take payment.

Miss F wasn't happy with Hastings' customer service and brought her complaint to this service. Our investigator looked into Miss F's complaint and upheld it. He said he didn't think Hastings had acted fairly and it should have followed up its revised quotation and transferred Miss F to the new, lower quotation. He also said it had made errors when Miss F tried to cancel her payments. He thought Hastings should pay Miss F £100 compensation.

Hastings didn't agree with the view. It asked that Miss F's complaint was reviewed by an ombudsman, so it has been passed to me to make a decision.

I issued a provisional decision to give both parties the opportunity to consider things further. This is set out below:

In this complaint, I've followed the timeline of events from when Miss F complained to Hastings about its service. I can see that our investigator has sent two views out to both parties, and changed his opinion about upholding it during his investigation.

I can also see that the views don't deal fully with the issues being raised by Miss F. So I am issuing this as a provisional decision, which means that I'm asking both Hastings and Miss F to comment on my findings, then I'll issue my final decision.

30 November

Miss F took her policy out through Hastings, which was for a full year of insurance. Around four months into her policy, having already been disturbed about a significant uplift in premium, she found that she was able to access much lower rates than she was already paying through Hastings.

She discussed this with Hastings who said that the cheaper rates were for new customers and it couldn't apply them to her policy. But Hastings could cancel her policy and switch her onto another one, which would mean Miss F would be able to save about £70 per month. However, because she hadn't kept her existing policy for a full year, she wouldn't receive a full year's No Claims Discount and would instead be starting again from zero with a new policy.

Hastings' representative told her she would need to take the policy out that day to get this rate and later sent her the information by email. Miss F said she'd think about it. She then emailed Hastings late that evening asking further questions about her payments. Because Hastings had closed, she didn't get a reply and cancelled her direct debit shortly afterwards.

I've thought about Miss F's situation carefully and I can appreciate that it was approaching the festive season when finances are often restricted. Having been made the offer by Hastings of a cheaper product, it seems to me that Miss F wanted to consider it further. By doing so, she may have missed the opportunity to reduce her bills that month. I understand she was concerned about this.

Given her level of concern, I'm unsure why she didn't call Hastings as soon as she could, or even the following morning, and speak to someone who could explain whether the previous quote was still valid, or if not, what it would mean in terms of payments to be made by her.

Hastings seems to have multiple different ways of getting in touch with it, but Miss F to email back to a person who'd previously tried to help her. I think Miss F should have taken more care here. She has explained her worries about the payments that were due to be taken, and I think she should have spoken to Hastings as soon as possible to attempt to resolve the

situation.

I feel that I can say that Hastings should, perhaps, have called Miss F back to clarify the issues and to set up the policy. But given the urgency of Miss F's position, I think she should have done more to make sure her finances were in order. I don't think I can reasonably say Hastings was at fault here.

The direct debit cancellation

Having cancelled her direct debit in an effort to stop payment being taken, Hastings then took payment from Miss F's debit card. It did this under its Continuous Payment Authority which Miss F had agreed to as part of when she'd set up her policy. Details of it were included in her Welcome Pack:

"You've agreed to continuous payment authority (CPA)

This means you're giving us the right to take future payments from your credit or debit card. It's a great way for us to quickly collect any future payments without taking up your time. But don't worry, we'll always contact you beforehand to let you know when and why this is happening. And if you're not happy, you can contact us to cancel the agreement at any time."

When Hastings found the direct debit was cancelled, it notified it would take the payment from Miss F on 18 December, but actually did so on 9 December. Then I can see Hastings made a series of errors in promising Miss F that it would refund her, then not being able to do so.

It seems to me that Miss F's frustration at the time this happened was due to the wrong information she was being given. She was told by Hastings that her bank would refund it, then by her bank that this was incorrect and she needed to contact Hastings.

I don't think that Hastings provided good service here. I know that Miss F cancelled her direct debit rather than speak to Hastings, but I think it should have been clear to Hastings that their customer was having some issues with payment. There'd been a complaint made, plus a conversation about moving Miss F to a different insurer, and I'm unsure why Hastings didn't take action to try and resolve the situation at this time.

I have to balance that poor service against Miss F's choice to cancel the direct debit, and then not speak to Hastings for several days until it tried to take the payment it was entitled to.

Hastings later offered to waive its charges for missed payments, and added compensation of £30. It said it would deduct these charges, and the compensation, all rounded up to £100, from the money owed by Miss F. This would mean that Miss F has a final amount to pay of £108.29.

On balance, I can see that Miss F has found the experience very frustrating and upsetting but I think it's fair and reasonable for Hastings to have waived its fees and offered Miss F £30 compensation for its mistakes.

Critically, if Miss F needed to reduce her car premiums then I think she had the opportunity to talk to Hastings and make arrangements, so I don't think I can reasonably say Hastings was at fault.

Responses to my provisional decision

Hastings agreed with my provisional decision. Miss F responded and explained about how busy she'd been in her work and that she'd been unable to get through to Hastings during her work break. Miss F also mentions Hastings' poor response to her further query about its new offer of a different policy to replace her old one.

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 sympathise with Miss F's position and I can understand the reasons why her finances were under pressure and her frustration because she wasn't able to easily contact Hastings to answer her questions and reduce her outgoings.

But I think it's fair to say that Miss F had the opportunity to deal with these issues earlier in the month, rather than trying to deal with it all very late in the day. As I say above, I can't reasonably say Hastings was at fault here.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss F to accept or reject my decision before 12 December 2022.

Richard Sowden
Ombudsman