

## **The complaint**

Mr C complains that, during renewal of his car insurance policy, Hastings Insurance Services Limited trading as Hastings Direct ("Hastings") didn't take into account a claim on his policy, and when this was applied later it led to an increase in his premium.

## **What happened**

In August 2021, Hastings, acting as broker, sent renewal documents to Mr C for his car insurance policy, in advance of the renewal start date of 2 September. The premium was £452.06 broken down as an initial payment of £37.69 followed by 11 monthly payments of £37.67. Mr C was then involved in an accident on 31 August which he reported the following day, and his policy then renewed on 2 September. Then on 30 March 2022, the August 2021 claim was added to Mr C's policy which led to an additional premium of £307.78 needing to be paid. This increased Mr C's monthly payments to one of £99.21 followed by four at £99.23. Mr C complained to Hastings in August 2022 when he noticed his monthly payments had increased and explained he wouldn't have gone ahead with the renewal had Hastings added the claim in a timely manner. Hastings responded and offered £180 compensation which they said represents seven months' worth of the additional premium.

Our investigator looked into things for Mr C. He thought Hastings' offer of £180 was fair. Mr C disagreed so the matter has come to me for a 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've decided Hastings' offer is a fair way to resolve matters. I understand Mr C will be disappointed by this but I'll explain why I have made this decision

Hastings say the accident in August 2021 occurred after the renewal had been confirmed. They say they repaired Mr C's car and the claim was closed on 29 March 2022 as non-fault and an email was sent to Mr C confirming this. They say on 30 March the claim flagged on their late registered claim report as the claim hadn't been declared on Mr C's policy. Hastings say the claim was then added to the policy and backdated to the policy start date. This led to the premium being increased by £307.78 and they wrote to Mr C on 30 March 2022 to confirm the policy amendment and they spread the additional premium across the remaining monthly instalments.

There's no dispute about Mr C receiving the email on 30 March 2022 letting him know his policy had been updated. The email asks Mr C to log into his account where he'll find a more detailed message. Hastings had uploaded a document saying the change in claim history had led to an increase in the premium of £307.78 together with an amended payment schedule showing this amount had been spread across the remaining monthly instalments which were due and the new monthly Direct Debits which would be taken. I note Mr C says, given the email he received the day before, he assumed the 30 March email related to the claim settlement.

My role requires me to say how a complaint should be settled quickly and with minimal formality and so I'll focus on what I consider to be the crux of the complaint. The key facts about the complaint aren't in dispute. Hastings accept they got things wrong by taking seven months to apply the changes to Mr C's policy. The only issue I have to decide is whether their offer of £180 is fair and reasonable in the circumstances.

I think it's right that Hastings should compensate Mr C for the upset and frustration caused. To help decide what a fair and reasonable level of compensation should be, I've looked at the error by Hastings and the impact it has had.

Hastings say the claim in August 2021 was logged on 1 September 2021. They say there's an automated process which brings claim information across and, while the timescale for this can vary, seven months was too long. I've listened to call recordings between Mr C and Hastings and it's clear he's very upset and frustrated at the additional premium being added. Mr C feels it's unfair for Hastings to quote a premium and allow him to pay seven monthly payments towards that agreed premium before adding an additional premium for a claim which they were told about before the start of the renewal period.

I think it's important to add premiums are calculated by an insurer based on the risk they're prepared to accept. Generally, insurers are allowed to set the premium that they wish to charge for accepting a certain risk. When calculating insurance premiums insurers will take a number of factors into consideration; for example – any claims history. All these factors will affect the price of a consumer's policy. An insurer will decide what factors to take into account and how much weight to put on each of them. In this case, the insurer has taken into account the August 2021 claim and this has led to an increased premium. That said, I agree Mr C was left shocked when he discovered Hastings had only taken action to process the August 2021 claim against his policy seven months after his policy renewed.

I note Mr C says, had the additional premium been added at the time of renewal, he would've looked around for other policies and might've declined Hastings' renewal quote. I do understand why Mr C feels there has been a missed opportunity for him to make an informed decision on whether to agree to a renewal quote which has ended up costing £759.84. While I note Hastings say they can't be certain when the automated process would've pulled through the claim information, I haven't seen any information to suggest it's unreasonable to expect this might've been prior to the 14-day cooling off period. The renewal letter asks Mr C to contact Hastings within 14 days of renewal if he doesn't wish to renew. The letter also says, in most cases, Hastings won't charge for cancelling the policy. That being the case, had Hastings applied the changes within the cooling off period, it would've given Mr C the option to cancel and potentially avoid any charges.

I accept therefore that Mr C could've cancelled and avoided paying the additional premium. But, I've seen no evidence that Mr C would've found another policy cheaper than the amount he ended up paying. In addition to this, Mr C has had the benefit of the policy for the full year so I can't say it's reasonable to expect Hastings to refund the additional £307.78 charged to Mr C.

I think it's also important to take into account that Hastings say, had Mr C contacted them in March 2022 – when they sent the updated policy details – they would've been able to discuss cancellation had Mr C not wanted to continue with the policy. Mr C says he didn't check his bank account at the time due to personal circumstances, so he didn't notice his monthly payments had increased since April 2022. Hastings say the onus is on the policyholder to read their documents and check all details are correct. The information shows Hastings did notify Mr C about the additional premium and, taking into account Hastings' comments, I think there was an opportunity for Mr C to cancel the policy to avoid

paying all of the additional premium. I do acknowledge Mr C's reasons for not noticing this at the time and also understand he wouldn't have been expecting such a communication seven months after his policy renewed. So, while I have taken into account the points made by Mr C, I can't ignore the fact that Hastings did notify him of the increase in premium.

So, taking this all into account, I think there has been shock, upset and frustration caused to Mr C when he noticed his premium had increased. There has been a missed opportunity for Mr C to look elsewhere for a cheaper policy around the time the renewal period started, but I can't conclude there was one available. I can't say Mr C missed every opportunity to cancel as Hastings did notify Mr C of the additional premium. This was paid over five months so there was an opportunity for Mr C to cancel the policy. I do however acknowledge why Mr C wouldn't have been expecting his premium to have increased seven months after he renewed. So, taking into consideration the impact on Mr C, I think Hastings' offer of £180 compensation is fair and reasonable in the circumstances.

I understand Mr C will be disappointed, and I do acknowledge why he was left frustrated at the length of time it took for Hastings to update the policy. I wish to reassure Mr C I've read and considered everything he has sent in, but if I haven't mentioned a particular point or piece of evidence, it isn't because I haven't seen it or thought about it. It's just that I don't feel I need to reference it to explain my decision. This isn't intended as a discourtesy and is a reflection of the informal nature of our service.

### **My final decision**

Hastings Insurance Services Limited trading as Hastings Direct has already made an offer to pay £180 compensation to Mr C to settle the complaint and I think this offer is fair in all the circumstances.

So my decision is that Hastings Insurance Services Limited trading as Hastings Direct should pay Mr C £180, if they haven't done so already.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 10 January 2023.

Paviter Dhaddy  
**Ombudsman**