

## The complaint

Mr M complains that Right Choice Insurance Brokers Ltd didn't give him a refund when he cancelled his motor insurance policy. He wants to be charged just for his time on cover and compensated.

## What happened

Mr M took out a policy through Right Choice, but he agreed to cancel this when it asked for an additional premium after it found that he was using his No Claims Discount (NCD) elsewhere. Two months later, and after Mr M complained, Right Choice gave Mr M a refund of £612.29. It didn't apply any charges for cancellation or lost commission, as a goodwill gesture. And it told Mr M that 8% simple interest had been considered, but not awarded as it thought it had compensated him sufficiently. Mr M wanted to be charged just for his time on cover and to be compensated.

Our Investigator recommended that the complaint should be upheld. He thought Right Choice had correctly calculated the refund. But it hadn't added the interest it had considered. He thought Right Choice should add this interest as Mr M had been without his money for some time and pay him £100 compensation for providing him with incorrect information and for the delay in providing his refund.

Right Choice said that Mr M had initially misrepresented information about his NCD. It said it had tried to keep the policy running for Mr M, but he had cancelled it. It said he had already benefited from £226.09 in its goodwill gesture. It thought this was adequate compensation. Right Choice asked for an Ombudsman's review, so the complaint has come to me for 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.

As our Investigator has explained, Mr M didn't complain to us that Right Choice had cancelled his policy. He complained to our service that he hadn't received a refund. And this was explained to Right Choice by the Investigator at the time he asked for its business file:

*"My understanding of the complaint is that Mr M didn't receive a refund after his insurance policy was cancelled".*

So I can see no reason to consider Mr M's possible misrepresentation or that Right Choice tried to keep the policy running.

Mr M was unhappy that Right Choice hadn't paid his refund of premium and that it wanted him to talk to a finance company when Mr M had already closed the finance agreement. He said he had spent time making many calls and was caused stress and frustration.

Right Choice, in its response to Mr M's complaint agreed there had been service failings:

- It delayed returning Mr M's money to him. It said its target was 30 days, but it had taken 60 days since the cancellation to pay a refund.

- It had passed Mr M to the finance company needlessly, causing confusion and upset.

To put things right, Right Choice initially offered to waive its commission and some of its charges. It then offered to waive these charges in full. Right Choice said this meant it offered Mr M £226.09 as a goodwill gesture.

But I agree with our Investigator that this doesn't go far enough in the circumstances. When a business makes a mistake, as I think Right Choice has done here, we expect it to restore the consumer's position, as far as it's able to do so. And we also consider the impact the error had on the consumer.

I can see that Mr M has now received a refund of £612.29. I can see that Right Choice made deductions for just the insurer's time on risk and for breakdown cover. And I think it reasonably waived its own charges for set-up, cancellation and commission for the delay caused. And so I think this restores Mr M's position, so I'll now consider the impact the service failing had on Mr M.

Mr M was without his money for two months. He was passed wrongly to a finance company when Right Choice should have dealt with the matter, causing avoidable confusion and inconvenience for Mr M in contacting it. He had to make numerous calls and send emails to Right Choice to press his case. And I think this caused Mr M avoidable trouble and upset over a matter of months.

Our Investigator recommended that Right Choice should add interest to Mr M's refund. I think that's fair and reasonable as Mr M was without his money for some time. In its final response to Mr M's complaint, Right Choice illustrated that this would be £10.06 from the date of cancellation to the date of payment of the refund. As it has raised Mr M's expectation, I think it should honour this amount.

Our Investigator also recommended that Right Choice should pay Mr M £100 compensation in addition to its goodwill gesture. I'm satisfied that this is fair and reasonable as the total amount of compensation would then be in keeping with our published guidance for service failings that have caused trouble and upset over several months.

### **Putting things right**

I require Right Choice Insurance Brokers Ltd to do the following:

1. Pay Mr M £100 compensation for the distress and inconvenience caused by its level of service; and
2. Add interest to its refund of premium at the rate of 8% simple per annum, calculated as stated in the final response letter, as £10.06 from 26 July 2022 to 29 September 2022.

### **My final decision**

For the reasons given above, my final decision is that I uphold this complaint. I require Right Choice Insurance Brokers Ltd to carry out the redress set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 7 February 2023.

Phillip Berechree  
**Ombudsman**