

The complaint

Ms B has complained about MCE Insurance Limited. She isn't happy about the cancellation fee it charged when she cancelled her motorbike insurance policy in the cooling off period.

What happened

Ms B took out insurance for her motorbike through her broker MCE. Ms B went on to cancel the policy as she wasn't happy with the policy within the 14-day cooling off period. But she was charged a £30 cancellation fee by the insurer, a £60 cancellation fee by MCE and her time on cover. Her insurer went on to waive their cancellation fee, but Ms B remained unhappy about MCE's charge, so she complained to MCE and then this Service about this.

Our investigator looked into things for Ms B and upheld her complaint. Although she accepted MCE made it clear that it would charge an admin or cancellation fee in the cooling off period in its policy documentation she thought its fee (£60) was high. So, she asked MCE to explain why it charged £60 and as it wouldn't, as it said the data was commercially sensitive, she asked it to only charge £25. This was because this was in line with the kind of charge this Service generally sees.

As MCE didn't agree, the matter has been passed to me for review.

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 agree with our investigator that this complaint should be upheld, and Ms B should only be charged a cancellation fee of £25. I'll explain why.

I know MCE feels it has acted fairly and in line with its terms and conditions in charging £60 but I agree with our investigator that this seems high and is generally more than we tend to see, especially within the cooling off period. Our investigator provided some examples of lesser charges made by other brokers and insurers and it is often free for consumers to cancel within the cooling off period. And she asked MCE to provide an explanation and some supporting evidence to show why it charges the amount it has charged which I think is a fair and reasonable question.

MCE has said this is commercially sensitive, but this Service is often provided with very sensitive data in order to verify things which we don't divulge. We simply use it to reassure ourselves that consumers are being treated in a fair and reasonable way. So, in this instance, as we can't confirm the position and that Ms B is being treated fairly and hasn't been overcharged when she cancelled her policy in the cooling off period, I agree it would be fair to only charge Ms B £25 to cancel her policy plus the charge for time on cover.

My final decision

It follows, for the reasons given above, that I uphold this complaint. I require MCE Insurance Limited to refund Ms B £35 of the total cancellation fee it charged (£60).

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms B to accept or reject my decision before 31 January 2023.

Colin Keegan
Ombudsman