

The complaint

Mrs S has complained about I Go 4 Ltd (IG4) in relation to her car insurance policy.

What happened

Mrs S arranged insurance via IG4 on 18 August 2022, paying her premium for the year also. The policy required Mrs S to fit a data gathering box to her car, for which she paid to IG4 a non-refundable fee of £150. Mrs S didn't install the box correctly. IG4 tried to assist her with getting it properly installed but then, on 12 September 2022, when it remained not connected, the policy was cancelled.

Mrs S complained. IG4 felt the policy had been cancelled in-line with terms. Including that which allowed it to keep the £150 fee, which it had done when refunding Mrs S's premium. Mrs S complained to the Financial Ombudsman Service.

Our Investigator noted Mrs S had called IG4 and received advice about how to correctly install the box. She felt IG4 had then not been clear with Mrs S about how long she had to do that before the policy would cancel. She said it should reimburse her the £150 fee it had withheld from her premium refund, plus interest, and also write her a letter confirming the policy had been cancelled due to its failure.

Mrs S said she was happy with that outcome. IG4 said it disagreed with it. It said it had allowed a few days after the phone call for the box to be correctly installed – it couldn't fairly leave the policy to run indefinitely without installation. The complaint was passed for an Ombudsman's 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.

Mrs S agreed to a policy which required her to fit the data box to her car. And the terms of the agreement she entered into said that if the box was not fitted the policy would be cancelled. Also that, in the event of cancellation, the fee of £150 was non-refundable. Mrs S did not fit the box correctly, IG4 told her that if it was not fitted correctly the policy would cancel. The box was still not fitted correctly, so the policy was cancelled and the non-refundable fee was kept. On a strict consideration of the circumstances, in light of what the terms of the agreement between the parties allowed, IG4 acted correctly. But IG4 is also required to act fairly and reasonably.

Mrs S did know that she had to fit the box. And, following IG4's letter which told her the policy would cancel on 9 September if that did not happen, she was aware of the need to act, that she had to fit the box correctly or the policy would cancel. And Mrs S did act. She called IG4 on 8 September. IG4 told her what it was needed to fit the box correctly and it said she should take more photos and send them to it so it could see the box was fitted correctly. Mrs S agreed to do that but said she was fearful the policy would cancel in the meantime – given the letter referencing cancellation on 9 September. The IG4 advisor

assured Mrs S that a note would be placed on the system explaining that she was in the process of sending new images. No timeframe for receipt of the images was given to Mrs S. It was then only on 12 September that the policy was cancelled.

I don't think IG4 acted fairly and reasonably in cancelling the policy when it did, not given its conversation with Mrs S on 8 September. It knew Mrs S was struggling to fit the box – but that she had every intention to do so. And it reassured her that the system would be noted to show she was doing that. Which was a reasonable thing to do. But IG4 was not clear with Mrs S about the timescale within which she had to take this next and important step. I'm satisfied that if IG4 had told Mrs S what timeframe it was working to that she would have acted in-line with its instruction. Meaning the cancellation would have been avoided. Instead, because IG4 was not clear with Mrs S, she is £150 out of pocket and now has a cancellation on her record. It's only fair and reasonable that redress is awarded which, as far as reasonably possible, makes up for that.

Putting things right

I require IG4 to:

- Reimburse the withheld £150 fee to Mrs S, plus interest* added to that sum from the date the main premium refund was paid until settlement is made.
- Write a letter which Mrs S can use if she wishes to show that the cancellation was due to IG4's failure to be clear with her.

*Interest is at a rate of 8% simple per year and paid on the amounts specified and from/to the dates stated. HM Revenue & Customs may require IG4 to take off tax from this interest. If asked, it must give Mrs S a certificate showing how much tax it's taken off.

My final decision

I uphold this complaint. I require I Go 4 Ltd to provide the redress set out above at "Putting things right".

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S to accept or reject my decision before 9 June 2023.

Fiona Robinson
Ombudsman