

## **The complaint**

Mr W complains about the service received from Hastings Insurance Services Limited trading as Hastings Direct ("Hastings") following the cancellation of his car insurance policy.

Mr W is being represented by Miss W in his complaint against Hastings.

## **What happened**

Mr W took out car insurance through Hastings, who acted as broker. Following a missed payment, the insurer cancelled the policy and Hastings wrote to Mr W to say there was an outstanding balance of £287.23 to pay. At the time, Mr W was living with a medical condition which meant he couldn't deal with things, so Miss W made several calls to Hastings, but she raised a complaint as she felt Hastings didn't originally write off the debt despite her offering to send them mitigating circumstances for Mr W. She also complained about not being passed to the correct departments, delays in taking action, a call handler refusing to transfer her to the complaints team and a debt warning letter being sent to Mr W.

Hastings responded and explained they did write off the debt, but this was around two months after they should've evaluated the evidence Miss W was offering to provide for Mr W's mitigating circumstances. Hastings accepted they could've therefore made a decision to write off the debt sooner. They also accepted they'd handled a call poorly and Miss W wasn't transferred to a complaint handler. They agreed there was a lack of empathy shown during a call and their Forbearance team also didn't manage Miss W's expectations around what would happen after a 60-day hold ended on the account. Hastings upheld the complaint and as well as apologising they awarded compensation of £125.

Our investigator looked into things for Mr W. During our investigation, Hastings explained they took a number of actions once they were made aware of Mr W's personal circumstances. They said they removed their £45 cancellation fee, removed three Direct Debit default fees and placed a hold on any recovery action for 60 days. They said, at the end of the 60-day period they sent a letter to Mr W to request the outstanding balance. They then agreed a further 60-day hold but, after receiving evidence from Miss W to support Mr W's mitigating circumstances, they waived the outstanding amount owed. Hastings said the £125 compensation paid, when added to the amount waived, amounted to £412.23 which they felt was fair.

Our investigator agreed there had been errors by Hastings and, in addition to the £125 already paid, they recommended a further £125 to bring the total compensation to £250. Mr W and Hastings 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 to uphold the complaint. And, I think the investigator's recommendation here is a fair way to resolve matters. I understand Mr W will be disappointed by this but I'll explain why I have made this decision.

Firstly, I've looked at the service given to Mr W. 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 and the main areas of dispute. The key facts about the complaint aren't in dispute. Hastings have admitted they got things wrong while dealing with the remaining balance owed on the policy. The only issue I have to decide is whether their offer to put things right is fair and reasonable.

I think it's right that Hastings should compensate Mr W for the shock, upset and worry caused by their poor service. To help decide what a fair and reasonable level of compensation should be, I've looked at the error by Hastings and what the impact of that error has been. I will also add, while I can see this has been a very distressing time for Miss W - having to spend lengthy periods of time on the phone and being spoken to in a manner which lacks empathy, our service is only able to award compensation for the impact of Hastings' service on Mr W.

There's no dispute Miss W wasn't spoken to in an empathetic and understanding manner during one of her early calls to Hastings to try and get this resolved. I think it's fair to say this had an impact on Mr W as Miss W wasn't then able to give him any degree of reassurance that things were in hand and he didn't need to worry. Hastings did then take steps to help Mr W the same day when their Forbearance team agreed to place a 60-day hold on the policy. So, taking this into account, I think the £125 Hastings have paid in compensation is fair and reasonable.

During the call with Hastings' Forbearance team, the call handler explains they can place a hold on the policy for 60-days and *"...that doesn't mean at the end of the 60 days that the amount is going to automatically become due, all we would ask is that you update us in 60 days..."* The call handler then places a 60-day hold on the policy and says, *"...no more letters will come through, that will stop the letters as well..."* The call handler then gives Miss W the number for their customer care team for her to call in 60 days. The call handler explains *"...as long as you contact us on or before the 30<sup>th</sup> of May just to update us..."* The call handler says, *"It doesn't mean, that's it now, I've got to put a payment plan in place, just please update us."* The call handler asks Miss W if she's aware of support groups and charities who might be able to help. The call handler explains she's going to update the system notes to say Miss W will call back within the 60 days to update Hastings. During this call Miss W does explain Mr W has a long-term illness and the call handler confirms they'll add this to their notes.

As Hastings didn't hear back from Miss W by the end of the 60-day period, they sent a letter to Mr W. This letter says the debt needed to be paid and, if they don't hear back from Mr W, they may pass their file to a debt collection agency and report a default which would stay on Mr W's credit file for six years. I've noted Miss W's comments about the impact this had on Mr W and I'm sorry to hear about the additional distress this caused Mr W at a time when he was severely depressed. Having listened to the call with the Forbearance team and, taking into account what they knew about Mr W's personal circumstances, I do think Hastings could've been clearer with Miss W about what Mr W could expect at the end of the 60 days.

Hastings don't, at any point, agree to discontinue chasing the outstanding amount and they do explain the next steps are for Miss W to contact them before the end of that period. So, I don't think it was necessarily unfair for them to restart their collections process as their terms and conditions and credit agreement allow them to take such action. That said, I don't think Mr W would've been expecting a letter discussing consequences such as referral to a debt collector or any impact on his credit file. The letter appears to be a template style letter Hastings send when chasing a debt, but Hastings were clearly aware of Mr W's personal circumstances. So, while I don't think it was unreasonable for them to write to Mr W to

explain there was still an amount owed and to find out if there was any update, I don't think it was reasonable in the circumstances for this letter to refer to potential consequences. This is particularly so, given that Hastings didn't fully explain what the consequences would be if they didn't hear back from Miss W by the end of the 60 days.

Taking this into account, I think Hastings should compensate Mr W for the impact caused when reading this letter. Given Mr W's medical condition, I understand why this had the effect of exacerbating his distress and worry. Miss W says she was, fortunately, with Mr W at the time he opened the letter and was able to pacify him. I can see Hastings did then, around a week later, ask for information from Miss W relating to Mr W's medical condition and decided to waive the outstanding amount.

I understand Miss W says the matter should've been dealt with right at the start when Miss W first started calling Hastings. And I acknowledge Miss W's point that Hastings have admitted in their complaint response that they could've reviewed any mitigating circumstances and written off the debt a couple of months earlier. Hastings have since written to our service and explained Miss W did offer to send in documents relating to Mr W's medical condition. But because they'd agreed to place a hold on the policy – which was in line with their processes – it wasn't necessary for Miss W to send in any documents at this point. Hastings say this was because the amount which remained outstanding at that point was premium only and so they would at first allow a maximum of 60 days for a customer to be in a more favourable position and to then come back to Hastings to discuss the amount owed. Hastings say, in this case, when Miss W explained Mr W was still in a vulnerable position, they agreed to the documents being sent and waived the outstanding balance. I do acknowledge why Miss W feels this position should've been reached right at the outset when she first started calling. But I can't say Hastings have been unreasonable here in following their process to firstly allow a time period to see if the position improves. And that not being the case, I think they've then taken reasonable steps in waiving the balance.

Hastings say they've already awarded £412.23 in compensation. I acknowledge the compensation already paid, when combined with the balance waived, does arrive at this figure. Hastings say the £287.23 was for time on cover that hasn't been paid. Hastings have decided to waive this amount based on the mitigating circumstances presented by Miss W – and I think they've acted fairly and reasonably. But I don't think it's fair, in the circumstances, to treat this as compensation for the issue relating to the letter which was sent.

So, I've taken into account the impact on Mr W in Hastings not giving a clear explanation about what to expect after the hold ended and also sending a letter which set out consequences. I've also factored in the time period over which this had an impact on Mr W. And I think Hastings should pay an additional £125 compensation to bring the total compensation paid to £250.

I understand Mr W will be disappointed, and I do acknowledge the impact this event has had on Miss W. But as explained above, our service can only award compensation for the impact on Mr W.

I wish to reassure Miss W I've read and considered everything she 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.

### **Putting things right**

I've taken the view that Hastings have made an error in not explaining things clearly during their call and also sending a letter setting out consequences to Mr W. So, in addition to the

£125 already paid to Mr W, they should pay an additional £125 for the shock, upset and worry – bringing the total paid for this complaint to £250.

### **My final decision**

My final decision is that I uphold the complaint. Hastings Insurance Services Limited trading as Hastings Direct have already paid £125 compensation – so they must pay Mr W an additional £125 to bring the total amount of compensation paid to £250.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 29 March 2023.

Paviter Dhaddy  
**Ombudsman**