

The complaint

Mr K says Hastings Insurance Services Limited made an error when amending his motor insurance policy and that it wouldn't honour the quote it gave him due to the error.

What happened

Mr K took the policy out in June 2022. He tried to get a quote for a new car in August 2022, but Hastings couldn't provide one, as he didn't have a registration plate number. Mr K called again in October 2022, having obtained quotes elsewhere. An advisor entered the details of the wrong car and Mr K was quoted an extra £203.78 to insure it., which he accepted.

When he noted the error in his documents the next day, Mr K told Hastings. It said there'd be an extra premium of £204.74 to pay. Mr K says he wouldn't have accepted the quote had the correct price (a rise of £408.52) been quoted initially. It would have made the policy (at £743.51) much more expensive than others available at the time. Hastings offered him £30 for its error. Later on, in response to his complaint, it said he could cancel the policy free of charge. But Mr K says by then the other quotes had risen by around £100.

One of our investigators reviewed Mr K's complaint. He thought Hastings should honour the original price it had quoted. It asked to see the other quotes Mr K had obtained. It said the cheapest one wasn't relevant, as it wasn't addressed to Mr K. It accepted that the second cheapest quote (£555.52) was valid, but it noted that the quote was open until 6 October 2022. It queried why – given that Mr K was aware of the new, increased premium it had supplied on 4 October 2022 - he didn't accept that quote.

Mr K said the name on the first quote is one he uses in correspondence and that he'd used it at times in corresponding with Hastings and with us. He says he didn't accept the other cheaper quote because - as Hastings had made the error - he thought that when he pointed it out it wouldn't ask him to pay more. In addition, he didn't know what the cost of cancelling the policy would be - and he wasn't offered free cancellation until 19 October 2022, by when other quotes were higher. As there was no agreement, the complaint was passed to me.

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.

When Mr K was told initially what the increase in premium for the new car would be, his existing policy through Hastings was still competitively priced. The cost of it wasn't out of line with the quotes for other policies, however, so Mr K had no reason to query it. He accepted it in good faith, having provided all the right details. When Hastings then quoted a further £200 plus, in order to put its error right, the policy became much more expensive than others.

There's evidence on the file showing that the name given on the cheapest quote appears in some of Mr K's correspondence, so I think he can show that the quote was for him. But as

Hastings pointed out, it may have expired. Mr K had a couple of days to accept the next cheapest quote (at around £555) - or several others that were all cheaper than the increased price of his old policy. In hindsight, that may have been the right option to take, as Mr K could always have complained about any cancellation charges made by Hastings later. But I think he's given a reasonable explanation for why he didn't do that.

Hastings says it gave Mr K the correct price for the amended policy - and that the insurer, not Hastings, set the premium. Whilst that's not in dispute, I don't think it was unreasonable for Mr K to assume that Hastings – having made the error that led to him accepting the first sum it quoted – would honour that sum. I don't think there's any doubt that he *wouldn't* have accepted the correct new price for the policy had Hastings told him what it was initially.

Although I agree that he could have cancelled the policy, Mr K wasn't sure initially what that would cost - and he wasn't given the option of free cancellation until a few weeks later. I think taking up that offer is still likely to have left him in a worse position than he would have been in, but for Hastings's error. He'd have had to find new (probably higher) quotes at that point, so he'd have been inconvenienced further and would have paid more anyway.

It seems Hastings thinks it made a minor error and that that Mr K was at fault in not acting differently to avoid paying more than he'd intended. But as Mr K provided all the correct information to Hastings I think he should have been able to rely on the quote it provided. I think he was inconvenienced and lost out financially directly as a result of its error. So although I think it's arguable that Mr K could have acted differently, on balance I think it would be fair and reasonable for Hastings to honour the original sum it quoted.

My final decision

My final decision is that I uphold this complaint. I require Hastings Insurance Services Limited to pay Mr K the difference between the original sum it quoted for his new car and the higher sum he paid for it, due to its error. It should add interest to the sum due, at the simple yearly rate of 8%, from the date of payment to the date of settlement. If Hastings thinks it's required by HM Revenue and Customs to withhold income tax from the interest, it should tell Mr K how much it has taken off. It should also provide a tax deduction certificate if required, so he can reclaim the tax if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 27 April 2023.

Susan Ewins
Ombudsman