

The complaint

Mr T complains that Hastings Insurance Services Limited mishandled his motor insurance policy.

What happened

In about early June 2021, Mr T bought a hatchback car. For the year from early June 2021, he had it insured on a comprehensive policy. The policy was in the name of Hastings (an insurance intermediary). An insurance company was responsible for meeting any claim under the policy.

Mr T renewed the policy for the year from early June 2022. He agreed to pay instalments by direct debit.

In August 2022, Hastings cancelled the policy. Hastings wrote to Mr T asking him to pay a balance of £104.24.

In early September 2022, Hastings appointed a debt collection agency.

In December 2022, Mr T complained through us to Hastings. By a final response dated mid-January 2023, Hastings turned down the complaint. Mr T asked us to investigate.

Our investigator didn't recommend that the complaint should be upheld. He thought that - as there was no evidence to show Hastings agreed to waive the cancellation fee - there was no reason Hastings shouldn't have chased Mr T for the outstanding funds.

Mr T disagreed with the investigator's opinion. He asked for an ombudsman to review the complaint. He says, in summary, that he didn't receive Hastings' letters.

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.

I've seen that Hastings reduced the cost of renewal to £306.11. That figure is in one of Hastings' "footprint" screenshots and in the credit agreement.

From the credit agreement, I see that Mr T had agreed to pay interest of £45.61.

The instalment schedule was of 12 monthly instalments each of £29.31 (a total of £351.72).

In addition, Hastings would charge £12.00 for a missed payment and £45.00 for a cancellation of the policy.

From Hastings' records, I see that Mr T did pay the instalment of £29.31 due in early July 2022.

Mr T later said that he'd rung Hastings from a telephone box and spoke to a named call-handler who told him that he would cancel the policy without any charge. But I find that Mr T has given Hastings and us conflicting information about when he made that call. And if it had happened, I find it more likely than not that Hastings would have a record of it, which it doesn't. So I don't accept that there was an such call.

Rather, I find that by 29 July 2022, Mr T had told his bank to cancel the direct debit, and the bank had told Hastings. So Mr T wasn't going to pay the instalment due in early August 2022. Hastings wrote letters to Mr T dated 29 July and 8 August 2022. It asked him to set up the direct debit again. It said that if it hadn't heard from him by 14 August 2022, it would cancel the policy.

The letter of 8 August said that the full balance to pay for the year was £322.41. That was the total of the 11 remaining instalments.

Hastings wrote a letter to Mr T dated 15 August 2022, confirming that it had cancelled the policy. It said that the balance due was £104.24.

I'm satisfied that Hastings did enough to send Mr T its letters of 29 July, 8 August 2022 and 15 August 2022. I find it unlikely that Mr T didn't receive any of them. But in any event I don't hold Hastings responsible for any problems with delivery.

Hastings has recently clarified the breakdown as follows:

premium	£ 54.09
interest	£ 14.46
fees	£ 20.00
cancellation fee	£ 45.00
total	£133.55
less received	£ 29.31
balance due	£104.24

The time on cover was 6 June to 14 August 2022. That was about 69 days. So I would expect a charge calculated by dividing the yearly premium of £306.11 by 365 (days) and multiplying that by 69 (days). That would be about £57.87. Hastings' figure is slightly lower at £54.09, so I don't find it unfair to Mr T.

The calculation of interest is more complex where the agreement is terminated early. But, compared to the charge for the year of £45.61, Hasting figure of £14.46 doesn't look unfair or unreasonable to me.

The arrangement fee of £20.00 had been charged at the outset and was non-refundable. So I don't find it unfair.

The cancellation fee was £45.00 whether Mr T or Hastings cancelled the policy. I don't find it unfair.

Overall, I don't find that Hastings treated Mr T unfairly by asking him to pay the balance of £104.24 and later instructing a debt recovery agency.

My final decision

For the reasons I've explained, my final decision is that I don't uphold this complaint. I don't direct Hastings Insurance Services Limited to do any more in response to this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 2 October 2023.

Christopher Gilbert

Ombudsman