

The complaint

Mr D complains that Hastings Insurance Services Limited (Hastings) collected incorrect premiums for his car insurance policy, and then asked him to pay in full when he wanted to change his car.

What happened

Mr D entered a credit agreement with Hastings in March 2022, to pay his car insurance premiums on a monthly basis.

Mr D added an additional driver to the policy shortly after, and this resulted in an incorrect payment request being made by Hastings. Mr D then changed the car insured by the policy and Hastings set out a new payment schedule for Mr D, but these payments weren't collected correctly either.

Mr D complained to Hastings in June 2022 about the problems with his direct debit payments. Hastings sent Mr D their final response to his complaint in June 2022. They said there had been a system error which meant the wrong payment amounts had been requested. They told Mr D they'd fixed this, arranged a refund for over payments Mr D had made, and set out his new payment schedule.

Hastings sent Mr D a second response to his complaint in July 2022. They said they couldn't fix the direct debit error, and so they'd written off £449.53 of his premiums and his remaining eight months of payments would be under £10 each. Hastings said they wouldn't ask for this sum to be repaid to reflect the inconvenience caused to Mr D.

Mr D wanted to change the car under the policy in around July 2022. Hastings told him that because of the system error, they couldn't amend his direct debit amounts, and so he wouldn't be able to change his vehicle and continue to pay his premiums monthly with use of the credit agreement. They said he could either pay his new premium in full, or they could manually take a payment each month for the correct amount.

Unhappy with Hastings' response, Mr D brought his complaint to this service for investigation.

Our investigator provided his view that Hastings had made errors in collecting the payments from Mr D, but he couldn't ask Hastings to change their processes, and so couldn't ask them to fix the direct debit error. He Mr D had the option of insuring a new car with a different provider, and he thought that the £449.53 written off the policy was fair compensation for the distress and inconvenience caused.

Mr D didn't agree. He said he didn't think Hastings had done enough to put things right.

As an agreement can't be reached, the case has been passed 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.

Mr D entered into an agreement with Hastings to pay his insurance premiums on a monthly basis. This is a regulated credit agreement, which means we can consider complaints about it.

It not in dispute that there were errors made in collecting Mr D's payments. Hastings have said that there has been an error with their direct debit file, and they can't amend this. This has meant that Mr D has been charged incorrect amounts, he's had to use his overdraft to make some payments and he is unable to amend any details on his car insurance policy, including changing his vehicle, without either paying any increased premium in full, or setting up manual monthly payments.

Mr D has expressed that he doesn't want to use manual payments as he won't have an accurate record of his payment schedule or the correct information under his policy.

I appreciate that Mr D doesn't want to use the manual option provided to him. However, this service can't make Hastings change its processes, so I can't direct them to fix Mr D's direct debit payments moving forward.

Hastings have accepted that they've provided poor service to Mr D, so I've considered whether they've done enough to put things right.

The errors in collecting Mr D's payments led to distress and inconvenience for Mr D. He's had to contact Hastings on a number of occasions to try and resolve the issue and is unable to amend his policy in ways that would usually be available to him. Whilst Mr D could insure his car with another provider, this is additional inconvenience when his insurance for the year should've been in place already and paid for by way of the credit agreement.

Hastings said they were able to make a correction to Mr D's payments, but this meant that a total of £449.53 was written off of the cost of Mr D's policy. Hastings said that rather than keep trying to amend the direct debits they wouldn't ask Mr D to repay the amount written off in recognition of the inconvenience caused. So, Mr D will pay £449.53 less for his insurance cover than was originally agreed.

Mr D says Hastings only took this action because they couldn't fix the error, not because they were attempting to compensate him.

I appreciate Mr D's strength of feeling on the matter, and that he's been put to significant inconvenience because of the error. But I'm satisfied that the £449.53 that Hastings have reduced the premium by fairly compensates Mr D for the distress and inconvenience caused, and so I'm not asking them to do anything further.

Mr D has recently told this service that his no claims certificate is incorrect, and Hastings have refused to offer him insurance at all. He may wish to raise this with Hastings for them to investigate. If he remains unhappy with their response, he may be able to ask this service to investigate.

My final decision

For the reasons set out above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 28 July 2023.

Zoe Merriman
Ombudsman