

The complaint

Mr H is unhappy because Richmond Cars (Botley) Ltd trading as Richmond Suzuki Botley (Richmond) is making him pay in full for a policy he attempted to cancel within 14 days of its inception.

What happened

Mr H purchased a three-year extended motor warranty on finance, alongside a vehicle purchase. A number of days later Mr H indicated that he wanted to cancel the motor warranty. He said because he was still within the standard 14-day cooling off period, he should be allowed to cancel the policy at no charge.

Richmond said that as per its policy terms and conditions there is no surrender value on the policy and no monies would be refunded. As such, Mr H would need to continue paying the finance on the warranty.

Mr H was unhappy with this, so he complained. Before Richmond could respond, he brought the complaint to us. But Richmond said that it didn't think this was a complaint we could consider. It said the warranty wasn't a contract of insurance, so didn't think we could look a complaint about it.

We issued a jurisdiction decision on 30 March 2023. This decision said that because the warranty with Richmond had the features of a contract of insurance, Mr H's complaint about the performance of this contract, is a complaint we can consider.

In an attempt to resolve the merits of the complaint informally I followed up this decision with an email to Richmond on 5 April 2023. Richmond hasn't responded to either the jurisdiction decision or the email, so I am now going to issue a final decision on the merits of this complaint.

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'm upholding this complaint. I'll explain why.

Mr H took this policy out on finance. He sent an email to the finance provider nine days after the agreement started stating that he wanted to cancel the policy. He was told that as per the policy terms and conditions there was no surrender value on the policy.

Our jurisdiction decision dated 30 March 2023, deems this policy to have the features of a contract of insurance. As such, under ICOBS 7.1 Mr H has the right to request cancellation of this policy and receive a refund. And Under 7.2 Richmond can charge an amount for the service actually provided.

So, this is what should happen here. Richmond should treat this policy like a contract of insurance. Mr H should be allowed cancel the policy from the date he requested cancellation. He should only be charged for his time on cover and any costs Richmond has reasonably incurred in the setting up of this policy.

As the policy was being paid via a finance agreement any issues that relate to the finance agreement, need to be raised separately with the finance provider.

My final decision

My final decision is that I uphold this complaint. I require Richmond Cars (Botley) Ltd trading as Richmond Suzuki Botley to:

- Cancel the policy from the date Mr H requested cancellation.
- Refund any overpayment made by Mr H from the date of cancellation. Mr H should only be charged for time on cover and any charges reasonably incurred by Richmond. 8% simple interest should be added to any refund from the time the cancellation was requested.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 18 May 2023.

Derek Dunne
Ombudsman