

The complaint

Miss B complains that I Go 4 Ltd cancelled her motor insurance policy without informing her. She wants records of the cancellation removed and reimbursement of an additional premium taken from her account. Miss B is represented in this matter by her relative, Mr B.

What happened

Miss B took out a telematics policy through IGo4 and it asked her to send in proof of her No Claims Discount (NCD). This was provided a day later than IGo4's deadline. But IGo4 didn't act on this and instead collected a further payment from Miss B's account a month later. IGo4 was later unable to collect another, smaller payment, and so it cancelled the policy.

Miss B said she became aware of this when she received a text message notifying her that the policy had cancelled. She called IGo4 the next day, but it said it was too late to reinstate the policy. IGo4 said Miss B should complain to the insurer.

Our Investigator recommended that the complaint should be upheld. She thought the policy had been delegated from the underwriter to IGo4. Both IGo4 and the insurer confirmed that IGo4 fully managed it and the premiums were generated and held by it until the policy expired or was cancelled. So she thought IGo4 was responsible for running the policy beyond what a broker would normally do.

So the Investigator thought that when IGo4 received the NCD proof, it should have either updated its records and not collected the additional premium due or asked the insurer for instructions. It didn't receive a response from the insurer, but it collected the additional premium and kept the policy running with 0 years NCD. So she thought IGo4 was holding Miss B's money and could have used this to pay the further additional premium. And so she thought it had unfairly cancelled the policy.

She thought IGo4 should refund the additional premium, with interest, refund half the telematics fee charged, pay Miss B £100 compensation, and change records of the cancellation to show that Miss B had cancelled the policy, not the insurer.

IGo4 replied that it was acting on behalf of the insurer. It said it had asked the insurer if it should amend the NCD, but it didn't reply. It said the complaint was the responsibility of the insurer. It also thought the telematics fee was non-refundable.

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.

IGo4 has said that the insurer is responsible for setting the premiums and cancelling the policy, and so it thought this complaint should be directed to the insurer. But I don't agree in these particular circumstances. I can see that both IGo4 and the insurer have told us that running the policy is fully delegated to IGo4. It collects and holds the premiums until the policy's expiry date. The insurer has told us that IGo4 is able to amend the policy when the NCD proof is received. So I think the complaint is correctly set against IGo4.

When Miss B took out her policy, her premium was paid in full. Miss B said she received her welcome pack from IGo4, but not its later emails. I can see that these were all sent to the

same email address.. IGo4 said its system confirmed that Miss B had received its emails. So I can't say why Miss B didn't receive all of IGo4's emails.

After Miss B had connected her telematics box, IGo4 wrote to Miss B asking for her proof of NCD. This wasn't provided so it said if it hadn't been received within the next seven days it would apply an additional premium and collect this from her card details. Miss B provided her NCD proof one day later than IGo4's deadline. But it didn't then cancel her policy. Instead, IGo4 took £287.26 from Miss B's account and the policy continued for three months.

I don't think this was fair or reasonable. IGo4 said it didn't follow up its request to the insurer for instructions. I can't see why it didn't do this. I think it could have accepted the NCD proof and not collected the additional premium. But I think IGo4 took Miss B's money, but it didn't process her NCD proof as it should have done.

IGo4 then cancelled the policy because it was unable to collect a further additional payment for driving behaviour from Miss B's account. I can see that it notified her of this by letter and email. I can't say why Miss B didn't receive these. IGo4 refunded its cancellation fee as a gesture of goodwill. I think IGo4 correctly applied its process here, but I don't think it treated Miss B fairly and reasonably.

This is because IGo4 was already holding Miss B's funds collected and not returned to her for the additional premium due to the NCD proof. This was more than enough to cover the further additional premium. So I'm satisfied that it was unfair for IGo4 to cancel Miss B's policy.

I think IGo4 should now refund the additional premium collected. As Miss B has been without her money for some time, I think it should reasonably add interest to this amount. As the cancellation was unfair but the policy can't be reinstated, I think it should be recorded as being cancelled by Miss B so that she doesn't have to declare it to future insurers.

As it wasn't Miss B's decision to cancel her policy, I don't think it's fair that she had to pay her telematics fee in full. She had benefit of the policy for five months, and I agree with the Investigator that a refund of half the fee would be fair and reasonable. And I think IGo4 should pay Miss B £100 compensation for her trouble and upset, in keeping with our published guidance for the impact its level of service has had.

Putting things right

I require I Go 4 Ltd to do the following:

1. Refund Miss B the £287.26 additional premium collected adding interest on this amount at the rate of 8% simple per annum from 6 July 2022 until the date of payment.
2. Refund Miss B £75, being 50% of the telematics fee as Miss B had the policy for 5 months and benefitted from it during this time.
3. Amend internal and external databases to show that the policy was cancelled by Miss B, and not by the insurer.
4. Pay Miss B £100 for compensation the distress and inconvenience caused by its level of service.

My final decision

For the reasons given above, my final decision is that I uphold this complaint. I require I Go 4 Ltd to carry out the redress set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept

or reject my decision before 23 June 2023.

Phillip Berechree
Ombudsman