

The complaint

Mr K complains about the level of service provided by Hastings Insurance Services Limited in administering his motor insurance policy. He wants his money returned, his credit rating reinstated, and his card details deleted from Hastings' records.

What happened

Mr K wanted to make a change to his policy administered by Hastings. But he was unable to make this change online as he couldn't access his account. Mr K didn't call Hastings as he dislikes using telephone services. And he couldn't cancel the account online. So Mr K cancelled his direct debit.

He was then unhappy that Hastings sent him emails and letters which he found threatening. He was then unhappy that Hastings took its cancellation charge using his card details. Hastings said Mr K could have contacted it by phone to sort out the access problem or to make the change. But it offered to backdate the cancellation to the date Mr K took out cover elsewhere. Mr K remained unhappy.

Our Investigator didn't recommend that the complaint should be upheld. He thought Hastings accepted that there was a problem with Mr K's access to his account. But he thought Mr K could have contacted Hastings by telephone or email to resolve this. He thought Hastings had fairly applied cancellation charges in keeping with its terms of business.

He thought its letters and emails weren't threatening but contained the information Hastings was required to provide about the policy's cancellation. He thought Mr K had agreed to a Continuous Payment Authority (CPA) when he set up the policy. And he thought Hastings' offer to backdate the cancellation was fair and reasonable.

Mr K said he'd taken out the policy because Hastings said he wouldn't have to contact it by telephone. He said Hastings should have fixed the problem with his account. He didn't agree that the CPA should be used after the policy had cancelled. He said Hastings' offer to backdate the cancellation was meaningless as his partner had taken out the new insurance.

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 can understand that Mr K felt frustrated that he couldn't access his online account to make a change of car on the policy or to then cancel the policy. He said he made many attempts to use it without success.

In his complaint to us, Mr K provided us with his account of what happened. He said he tried to make the changes for a few days. And then, in frustration, he cancelled his direct debit. From his account, I think Mr K did this in order to prompt a response from Hastings to the issue with his online account.

Our Investigator has explained that we think its reasonable for consumers to try and mitigate their losses. So, although I can understand that Mr K doesn't agree, I think he should have contacted Hastings to alert it to the problems he was having with his account to give it an

opportunity to remedy this before he cancelled his direct debit. He could have called Hastings, or he could have emailed it using the details on his policy documents.

So Hastings wasn't then aware of the account issues, just that Mr K had cancelled his direct debit. And so Hastings responded by bringing the cancelled direct debit to Mr K's attention and warning him of the potential consequences. I've looked at this and its later letters and I'm satisfied that they clearly explain the consequences of Mr K's action for his policy and his contract with Hastings. I don't find them threatening.

Mr K said he emailed Hastings, but he didn't receive a response until he later contacted its customer services and made a complaint. In the meantime, Mr K cancelled his policy and Hastings processed the cancellation. And then Hastings asked Mr K to pay the outstanding balance of his account, which included its cancellation fee.

When Mr K took out his policy through Hastings, it sent him a Welcome Pack. This stated amongst other things,

"You've agreed to continuous payment authority (CPA)

This means you're giving us the right to take future payments from your credit or debit card. It's a great way for us to quickly collect any future payments without taking up your time. But don't worry, we'll always contact you beforehand to let you know when and why this is happening. And if you're not happy, you can contact us to cancel the agreement at any time."

I note that the explanation refers to "future payments", not to "premiums". The pack also includes details of Hastings fees, including those where the policy is cancelled. There is a £45 cancellation charge where the policy is cancelled after 14 days, which I think is fair and reasonable as it's in keeping with other brokers' charges. And Mr K is also required to pay the insurer's charge for his time on cover, in keeping with standard industry practice. And as Mr K was paying his premium by monthly direct debit, this would include the interest on his loan as explained in his credit agreement.

Mr K had cancelled his policy. And so I think it was fair and reasonable for Hastings to apply its charges in keeping with its Terms of Business and to pass on the insurer's charges. And I'm satisfied that Hastings was entitled by the CPA to deduct a payment from Mr K's card details. It informed Mr K of the impending payment, as it said it would. So I don't think it did anything wrong in this.

Hastings upheld Mr K's complaint and agreed that his account wasn't working correctly for him. When a business makes a mistake, as Hastings accepts it has done here, we expect it to restore the consumer's position, as far as it's able to do so. And we also consider the impact the error had on the consumer.

I think Hastings reasonably offered to backdate the cancellation of the policy by a week on provision of evidence of the date that Mr K had taken out cover elsewhere. As Mr K hadn't done this, I don't think Hastings needs to do anything further to restore Mr K's position.

I can understand that Mr K was caused frustration by his account not working correctly. But, as I've said above, I think he should have given Hastings an opportunity to remedy this. Hastings apologised to Mr K for any inconvenience caused. And I think that's sufficient consideration of the impact of its error as it's in keeping with our published guidance.

My final decision

For the reasons given 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 K to accept or reject my decision before 26 September 2023.

Phillip Berechree
Ombudsman