

The complaint

Miss P has complained about her car insurance broker ATLANTA 1 INSURANCE SERVICES LIMITED (Atlanta) because of charges it made to her when she changed her mind about taking cover via it.

What happened

Miss P arranged cover via Atlanta on a Friday. But she changed her mind. She wasn't able to get through to Atlanta to cancel the cover until Monday. She was told that although she was within the cooling off period for cancelling there was a £125 non-refundable charge on the policy. It was noted she had paid a £78 deposit. Atlanta said it would keep that but would waive the difference outstanding (between it and the non-refundable sum). Miss P wasn't happy and complained. She also did a charge back on her bank to ensure the £78.00 was refunded to her. Atlanta subsequently demanded re-payment of the £78.

Our Investigator initially didn't uphold the complaint. But upon review he told Atlanta that it hadn't been clear enough with Miss P during the policy application regarding the £125 charge. He felt, if it had been clearer, Miss P wouldn't have gone ahead with the policy. So he said it should waive the £78.

Miss P was happy with that outcome. Atlanta said it didn't agree. It said the non-refundable charge was referenced during the application and within the policy terms which the applicant had to agree they'd read. So it wasn't prepared to waive the £78.

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 reviewed the sales process. As part of a section entitled "IMPORTANT INFORMATION ABOUT YOUR POLICY", there is reference to a non-refundable charge of £125 being applicable. But having seen the layout I think that it would be easy to miss this. The applicant then 'agrees' and a quote is generated and it is here they are given a link to the policy terms. That is in another section entitled "IMPORTANT INFORMATION ABOUT YOUR POLICY" – and the non-refundable charge is not detailed specifically in this part. There are links, as mentioned, to policy documents, but no direction is given to read these. Although it seems that, having clicked again, the prospective policyholder has to agree they have read the terms. The charge is included within the policy terms. But there is no warning on this last section of the application that, in accepting the quote, the applicant will be opening themselves to a certain charge of £125, despite any cooling off period they may also have in which to think about whether they really want the cover.

I'm mindful that £125 is not a small sum. And that there is a lot to take in and remember for any prospective policyholder when arranging cover. I think a charge like this has to be very clearly highlighted if Atlanta wants to reasonably be able to keep that sum, or any part of it,

when the policy is cancelled. Given the application details shown here, I think Atlanta did not clearly highlight this charge to Miss P.

I see Miss P changed her mind about wanting this cover very quickly. I'm satisfied that if a non-refundable charge of £125, had been drawn to her attention when accepting the quote, she wouldn't have accepted it in the first place. I think it would be unfair for Atlanta to chase Miss P for the sum of £78 which it views as the outstanding part of the £125 non-refundable charge. I understand that Atlanta placed a hold on its debt collection activity pending the outcome of this complaint. It should now formally cease that activity, marking Miss P's record to show that £78, indeed the £125 charge in full, has been waived.

Putting things right

I require Atlanta to mark Miss P's file to show she owes it nothing, that the £78, indeed the £125 non-refundable charge in full, has been waived.

My final decision

I uphold this complaint. I require ATLANTA 1 INSURANCE SERVICES LIMITED to provide the redress set out above at "Putting things right".

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss P to accept or reject my decision before 28 August 2023.

Fiona Robinson
Ombudsman