

## **The complaint**

Miss T complains about the charges Atlanta Insurance Intermediaries Limited trading as Swinton Insurance applied when she cancelled her policy as her insurers wouldn't cover her new car.

## **What happened**

Miss T had insurance for her car arranged through Swinton. In April 2022 Miss T was changing her car and called Swinton to arrange cover for her new vehicle. They advised her that her current insurers were unable to offer a quotation.

Swinton said they'd tried to find alternative cover for Miss T but she wasn't happy with the quotes they obtained from other insurers on their panel as they were too expensive. So Miss T's cancelled her policy and there was a balance of £337.27 due to Swinton in respect of her annual premium.

Miss T raised a complaint as she didn't think it was fair for her to have to pay the outstanding balance and cancellation charges, when she was happy to stay with the same insurer, but they wouldn't provide cover for her new car. She also complained that while she was trying to discuss the case with Swinton on 8 April 2022 the line dropped and they didn't call her back.

Swinton didn't uphold Miss T's complaint. They said the decision not to quote for her new vehicle was made by her insurer's, not by them. They weren't privy to the decision but said it was based on the insurer's assessment of the likelihood of her making a claim. But as it wasn't their decision, they weren't upholding this aspect of her complaint.

They accepted that her call to them on 8 April 2022 dropped out, and said they attempted to call her back but were unable to reach her. And she'd called back later that day to discuss her concerns.

Miss T then complained to our service. Before her case was allocated to an investigator she called us as she was being contacted on a daily basis, by a debt collection agency acting on behalf of Swinton. She told us she'd set up a payment plan in respect of the balance due to them, so she didn't understand why she was being 'hounded' about it. We contacted Swinton who acknowledged that they shouldn't have referred the debt and they agreed to put this on hold and take £35 off the balance by way of apology. Miss T wasn't happy with the sum Swinton offered for this.

Our investigator considered the case and partially upheld Miss T's complaint. He said that when Miss T changed her car her insurers weren't prepared to cover her new vehicle.

Swinton tried to obtain alternative quotations for her, but none of these were at a comparable price. So Miss T cancelled her policy as she could obtain cheaper insurance elsewhere.

While our investigator understood Miss T's frustration with having to cancel her policy, he said Swinton weren't responsible for her current insurer's being unwilling to cover her new

vehicle. Or for the quotations provided by their other panel insurers.

Miss T paid her premium by monthly instalments and had an outstanding claim on her policy. So when the policy was cancelled she was required to pay the outstanding balance of her premium, which she thinks is unfair. Our investigator thought this was fair because of the outstanding claim.

But he felt that taking into account the time Miss T spent on the phone with Swinton and their referral of her balance to a debt collection agency, the £35 compensation offer wasn't enough, and this should be increased to £100.

Swinton accepted our investigator's opinion but Miss T didn't. She remains unhappy that Swinton couldn't find alternative cover for her. She also told us that she'd spoken to her insurers. They confirmed they weren't prepared to cover the make of car she was buying but expressed surprise that Swinton couldn't find her alternative cover.

The case has now come 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.

I can understand that Miss T was unhappy when Swinton told her that her insurer wasn't prepared to cover her new car. And it's good to hear that by speaking direct to her insurer she understands why.

It wasn't Swinton who made the decision not to cover Miss T's new car. So I can't hold them responsible for that decision. But it does seem that during a number of telephone conversations Miss T was given unclear and misleading information about whether or not her new car could be covered. And also about whether Swinton could offer her cover with another of their panel insurers.

I think Swinton could have provided a clear answer on these points more quickly than they did. If they had then Miss T would have experienced less frustration and inconvenience.

Her insurers wouldn't cover her new car and Swinton couldn't offer alternative cover with another insurer at a price acceptable to Miss T. While this is something she finds surprising it's not something I'm able to comment on as the cost of cover and the vehicles an insurer is prepared to insure is part of their assessment of risk. And I'm considering Swinton's actions not the price for cover Miss T was quoted.

As Swinton couldn't offer Miss T acceptable alternative cover she cancelled her policy. She wasn't charged a cancellation fee, which I think is right in the circumstances. But she was paying her insurance premium by instalments and when her policy was cancelled the outstanding balance due to Swinton was £337.27.

Miss T has said that when a policy is cancelled before the period of cover ends, she'd expect to receive a refund. But in this case she made a claim on the policy which was outstanding. So if she'd paid her premium in full she wouldn't have received a refund. And as she was paying by instalments the balance of the premium became due. So I can't say Swinton did anything wrong in requiring Miss T to pay this.

Swinton referred the recovery of this sum to debt collectors. As she'd agreed to enter into a payment plan they accept they shouldn't have done this. They agreed to reduce the amount

owing to them my £35 by way of apology. Miss T has told us that she was 'hounded' by debt collectors over a period of weeks, until she contacted us and we asked Swinton to put the recovery action on hold.

Swinton have agreed referring the case to debt collectors should never have happened. And I think doing this added to the poor level of service she received from them.

As a result of how Swinton handled the cancellation of her policy I'm satisfied that Miss T has suffered distress and inconvenience and should be compensated for this. And I don't think the £35 Swinton have offered is sufficient.

Taking everything into account I think £150, inclusive of the £35 Swinton have offered, is the appropriate level of compensation.

We asked both parties for their comments on the £150 compensation I've said I consider to be appropriate in this case. Swinton have agreed to pay this amount and Miss T has confirmed that she's prepared to accept it.

### **My final decision**

For the reasons set out above I uphold Miss T's complaint about Atlanta Insurance Intermediaries Limited trading as Swinton Insurance.

And to put things right I require them to pay her £150 compensation, inclusive of the £35 they've offered, for the distress and inconvenience caused by the way in which they handled the cancellation of her policy.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss T to accept or reject my decision before 24 July 2023.

Patricia O'Leary  
**Ombudsman**