

The complaint

Mrs L is a sole trader. She has complained that Allianz Business Services Limited (ABSL) has asked her to pay for her business protection insurance policy after an error in setting up the payment for the policy meant that her direct debits were not taken.

What happened

Mrs L held business protection insurance through ABSL since 2016. In April 2021, the policy lapsed and a new policy was set up. At that point ABSL made an error and did not set up the credit agreement. This meant that no money was taken from Mrs L's account. The policy renewed in April 2022 without any payments being taken from Mrs L.

In January 2023, Mrs L noticed that the payments hadn't been made and alerted ABSL. ABSL confirmed it had made an error but said it had spoken with the insurer who confirmed that cover had been in place and so Mrs L had not been without insurance.

Due to its error, ABSL said that it would not charge Mrs L for the first year's policy, which should have cost £879.75, but asked her to pay for the policy which had renewed in April 2022. As Mrs L was not in agreement with this, ABSL ultimately said it would remove its commission from the second year's premium of £1,005.78 to bring the cost down to £628.29. It then said it had spoken to the insurer to reduce the premium to £500. ABSL said it would work with Mrs L to offer a suitable payment plan and suggested that she spread the payments out across the year interest free.

Mrs L did not think that was reasonable and complained to our service. She said that she did not understand how the error had occurred and was worried that it might happen again. She thought it would be reasonable for her to pay for the three months' which was left to run at the time she alerted ABSL to the error, spread across the next year. She was concerned about being asked to pay £500, as she thought that had been rounded up. Mrs L told us about the impact the error had on her.

Our Investigator looked into Mrs L's complaint but did not think that ABSL needed to do anything further to put things right.

Mrs L did not agree. She said being asked to pay for the policy now impacted her business's cashflow she and did not think that the impact of ABSL's error had been properly considered. Mrs L asked us to listen to calls between her and ABSL to understand the level of distress she had experienced. However, ABSL said that the calls had not been recorded so could not be provided.

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.

ABSL has accepted that it made an error, so what remains is for me to consider whether it has done enough to put things right. Having done so, I think ABSL's offer to put things right

is fair and reasonable in all of the circumstances. I will explain why.

I am satisfied by ABSL's confirmation that the insurer has agreed that cover is in place for Mrs L. That means, if she makes a claim on her policy, she will be covered. This is insurance that she wanted and needed for her business. I think it is fair and reasonable that she pays for the benefit of the cover that she has had.

The total amount Mrs L should have paid for her insurance was £1,885.53. Due to ABSL's error, she is only being asked to pay £500. I do not believe that ABSL has rounded up this figure because it has explained how it deducted its commission and then asked the insurer to further reduce the premium.

I think that ABSL has fairly reduced the amount Mrs L is required to pay and in doing that it has saved her £1,385.53 that she would have paid if not for ABSL's error. I have not been able to listen to calls between ABSL and Mrs L but I do not think that makes a difference to the outcome of my decision. This is because I recognise that Mrs L has been extremely distressed by what has happened. However, I do not think that this means that it would be fair and reasonable for me to require ABSL to reduce the cost of the policy even further. I think ABSL's offer is a significant amount of compensation and I believe that in reaching the offer it has ABSL has taken into account the impact of the error on Mrs L.

I recognise that it might be difficult for Mrs L to pay all of the outstanding money immediately, as she did not previously realise that the payments had not been taken and so is likely to have used the money elsewhere. Therefore, I think it is right that ABSL has offered to work with Mrs L to set up a suitable, interest free payment plan. For completeness, I would expect ABSL to take account of Mrs L's financial circumstances when arranging a suitable payment plan.

I appreciate that this has been distressing for Mrs L but, while I uphold her complaint due to ABSL's error, I think the offer ABSL has made to put things right is fair and reasonable in all of the circumstances.

Putting things right

ABSL's offer to only require Mrs L to pay £500 and arrange a payment plan is fair and reasonable in all of the circumstances.

My final decision

My final decision is that I uphold this complaint. Allianz Business Services Limited's offer to only require Mrs L to pay £500 and arrange a payment plan is fair and reasonable in all of the circumstances.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs L to accept or reject my decision before 25 July 2023.

Sarann Taylor
Ombudsman