

The complaint

Miss D has complained that U K Insurance Limited trading as Churchill Insurance (UKI) renewed her motor policy when she had told it not to and also took some or part of the premium in payment.

What happened

Miss D arranged her motor policy through UKI. The premium was paid by someone else. Miss D told UKI that she didn't want to renew her policy with it on 4 July 2022. It was due to expire on 5 July 2022.

UKI admitted it made a mistake and renewed her policy and took some premium from the person who had originally paid Miss D's motor premium for the year ending 5 July 2022. In January 2023 following Miss D's complaint UKI confirmed it had renewed Miss D's policy in error, so it provided a refund to the person it took the premium payment from. It said it refunded the amount it took which was £431.26. It also then paid Miss D £100 compensation for its error. This was ultimately wrongly sent by bank transfer to the person who had paid Miss D's premium instead of Miss D direct given Miss D didn't receive the cheque UKI sent her.

Miss D remained dissatisfied and brought her complaint to us. The investigator thought UKI had done enough to put things right. Miss D didn't agree so her complaint was passed to me to decide.

I issued a provisional decision on 5 September 2023, and I said the following:

'When a business such as UKI here, made a mistake like it acknowledged it did, our role in this service is to ensure it has done enough to put things right. However, I don't think UKI has done as much as it ought to have done.'

Clearly UKI made a mistake in ignoring Miss D's clear instructions that she didn't want her motor policy to renew. UKI has acknowledged that and has refunded the premium amount it took back to the person who originally paid for her motor policy the year before. However, it didn't pay interest to that person, and it ought to have done so, at 8% simple interest from the date it mistakenly took the £431.26 in July 2022 to the date it refunded it in January 2023.

Clearly Miss D also brought this complaint given it no doubt caused problems between her and the person who originally paid her premium for 2021/2022. To an extent UKI acknowledged that by paying Miss D £100 compensation. However, Miss D said she never received the cheque it said it sent her. UKI then stopped the cheque and decided to pay the £100 to the account they held for the policy which is presumably the person who paid Miss D's premium.

I'm afraid whilst that may compensate that person for the loss of her money from July to January from an interest perspective, it does nothing for the trouble and upset

caused to Miss D by UKI's mistake in renewing her policy when she told them she wasn't renewing her policy with UKI. This clearly has caused Miss D further trouble and upset so I now consider UKI should contact Miss D and ascertain what payment method is appropriate and then pay her a total £175 compensation. I've increased the compensation by another £75 for this extra trouble and upset caused to Miss D by UKI effectively compensating the person who paid Miss D's premium instead. Which I consider is reasonable and fair in these circumstances here.

Obviously too, it now appears that the person who initially paid Miss D's premium has now received the initial £100 compensation UKI was supposed to pay to Miss D. It's not appropriate for UKI to think that Miss D should organise that this other person should pay her this £100 as that would be unreasonable. It's most likely greater than the interest UKI should have paid to this person as I detailed above. If that is the case, then I don't consider UKI needs to pay interest additionally to this person. But it still needs to pay Miss D actual compensation and arrange with her the best method to get the compensation to her.

Therefore, in conclusion UKI should calculate the interest at 8% simple interest on the £431.26 renewal premium, it wrongly took from the account of the person who had originally paid Miss D's premium for the previous year. If the interest amount is less than the £100 compensation it has now wrongly paid to that account, then it needs to make no further payment to that person. In the unlikely event the interest calculation is more than the £100 it should pay the remainder to this person.

UKI should also contact Miss D direct and arrange payment of £175 compensation for the trouble and upset its several mistakes caused her.'

Neither party responded to my provisional 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.

Having done so again I'm upholding this complaint.

On the basis neither party responded with anything further for me to consider, I see no reason to change the outcome of my intended decision on this matter.

My final decision

So, for these reasons it's my final decision that uphold this complaint.

I now require U K Insurance Limited trading as Churchill Insurance to do the following:

- Calculate the interest payable on the premium of £431.26 wrongly taken from the person paying Miss D's motor policy at 8% simple from the date that UKI took the payment from the account to date it refunded it. If that is less than the extra payment of £100 made to that account, UKI doesn't need to do anything more as regards paying interest.
- If the interest is more than £100 then UKI must pay the remainder to that account. If income tax is to be deducted from the interest, appropriate documentation should be

provided to this person for HMRC purposes.

- Make contact with Miss D and ascertain how she wishes to receive her compensation and pay her £175 compensation for the trouble and upset caused to her by first wrongly renewing her policy and secondly paying the initial compensation to the person who paid her premium rather than to her.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss D to accept or reject my decision before 17 October 2023.

Rona Doyle
Ombudsman