

The complaint

Mrs D complains that U K insurance Limited (“UKI”) mishandled her motor insurance policy.

What happened

For the year from early March 2021, Mrs D insured a car on a policy branded with the name “Darwin”, a trademark of UKI. The policy was arranged and administered by an insurance intermediary.

For the year from early March 2022, Mrs D renewed the policy. She was paying the yearly cost by instalments of about £38.00 to a finance company.

In early February 2023, Mrs D received a communication about renewal of the policy for the year from early March 2023 (at instalments of about £54.00). Mrs D declined.

Mrs D complained to the intermediary. Much of Mrs D’s complaint is about acts or omissions of the intermediary in its role as administrator. Insofar as I hold UKI responsible for such acts or omissions, I may refer to them as UKI’s.

By a final response to Mrs D dated 12 April 2023, UKI said the following:

“...your credit agreement remained active after your policy was cancelled at renewal, no payment was taken however, [the finance company] did attempt to take the payment. You were emailed by [the finance company] informing you that you had an outstanding direct debit due and a late fee as this was not fulfilled on time. Based on this I have upheld your complaint. I have now cancelled your credit agreement meaning you will no longer receive correspondence from [the finance company] regarding your direct debits. Given the above I have decided to compensate you £20.00, in the form of a cheque...”

Mrs D brought her complaint to us in mid-April 2023.

Our investigator recommended that the complaint should be upheld. She thought that Mrs D should’ve had a better experience in her dealing with UKI.

The investigator recommended that UKI should “pay Mrs D an additional £75.00 for the distress and assist her in communicating with the finance company of there being no outstanding balance as well to ensure no further communication is sent to her chasing for payments”.

Mrs D agreed with the investigator’s opinion.

UKI disagreed with the investigator’s opinion. It asked for an ombudsman to review the complaint. It says, in summary, that:

- The twelfth and final payment was due in February 2023. The finance company took it by direct debit.

- But Mrs D did an indemnity claim with her bank, which returned the payment back to her. Her actions caused the issues.
- UKI correctly sent emails asking for that payment.
- The finance company correctly wrote to Mrs D asking for her to make payment.
- Mrs D did eventually call and pay this on 25 April.
- There was a backlog, and it didn't get to Mrs D's request to lapse the policy sooner.
- It renewed the policy. but it didn't ask for or take any payment before lapsing the policy.
- There was no detriment or impact on Mrs D.
- £100.00 in compensation isn't fair.

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 don't consider that UKI did anything wrong by sending the renewal letter dated early February 2023. But Mrs D said (on 20 February 2023) she didn't want to renew.

Mrs D made the last payment in late February 2023.

UKI has said that it was late in cancelling the finance agreement.

UKI has accepted that it was late in lapsing the policy. Indeed it sent a welcome letter dated 2 March 2023, which wasn't appropriate.

Mrs D reclaimed her last payment in early March 2023. So I don't find that UKI treated her unfairly by asking her to pay it again.

In my view, UKI didn't clearly explain its request for payment until an email dated 21 April 2023. And Mrs D made payment a few days later.

Also, (although after Mrs D's complaint leading to the final response), I note that UKI sent contradictory emails saying that payment was settled, and then saying it needed more evidence.

Putting things right

From what I've seen, UKI has now done enough to confirm that neither it nor the finance company is claiming any further payment from Mrs D. So I don't consider it fair and reasonable to direct UKI to take any further steps, other than to pay further compensation for distress and inconvenience.

I keep in mind Mrs D's age. I accept that UKI's mishandling of the renewal caused Mrs D some upset that UKI was renewing the policy contrary to her instructions, and some inconvenience in having to contact UKI and the finance company to try to put that right. I accept that by reclaiming the direct debit, Mrs D made things more difficult.

I don't consider that UKI did enough by sending Mrs D a cheque for £20.00. In conclusion, I agree with the investigator that it's fair and reasonable to direct UKI to pay Mrs D – in addition to its cheque for £20.00 - a further £75.00 for distress and inconvenience.

My final decision

For the reasons I've explained, my final decision is that I uphold this complaint in part. I direct U K insurance Limited to pay Mrs D – in addition to its cheque for £20.00 - a further £75.00 for distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs D to accept or reject my decision before 11 December 2023.

Christopher Gilbert

Ombudsman