

The complaint

Mr B has complained that the broker Adrian Flux Insurance Services Group (AF) failed to deal with his request for a pro rata refund when his car was declared a total loss. Mr B claimed directly against the third party insurer and so didn't make a claim against his car insurance policy.

Mr B is being represented in his complaint by Mr D.

What happened

Mr B bought a car insurance policy through a broker, AF in May 2022.

In August 2022 he was involved in an incident with a third party vehicle. The third party insurer (TPI) dealt with Mr B's claim directly and so he didn't claim against his policy.

Mr B's car was declared a total loss. He provided us with a copy letter from the TPI dated 17 January 2023 confirming this. The TPI asked Mr B to confirm if he wanted to accept the total loss settlement offered.

Mr B also provided us with a copy of letters he says he sent to AF dated 29 March 2023 and on 11 May 2023 (where Mr B enclosed a copy of his letter dated 29 March 2023).

Mr B asked us to look at his complaint in June 2023 as he hadn't received a response from AF. Mr B wanted a pro rata refund of his premium.

We contacted AF and it issued a final response letter to Mr B on 26 June 2023. It didn't uphold Mr B's complaint. It said it didn't receive notice that Mr B wanted to cancel the policy until 16 May 2023. As the policy was due to lapse on 20 May 2023, it allowed the policy to lapse. It didn't arrange a refund.

AF incorrectly referred to Mr B's letter dated 11 May 2023 as an email of 16 May 2023 when replying to Mr B's complaint.

Our Investigator found that AF's file notes showed it discussed Mr B's complaint with the insurer in June 2023 after we contacted it. The insurer had advised that if Mr B could provide it with proof of the date he received payment for the total loss of his car and that he no longer owned the car, it would backdate the cancellation.

The Investigator thought AF had acted unreasonably in failing to follow this up with Mr B, given his complaint was that he hadn't received a pro rata refund - and AF had received Mr B's letter dated 11 May 2023 on 16 May 2023.

The Investigator explained that the insurer is a separate business that is responsible for dealing with Mr B's request for a refund of premiums. For AF's failure to share information with Mr B and the insurer about Mr B's request - and what was needed to progress matters for him - he recommended AF pay Mr B £75 compensation.

The Investigator explained that there was no record of AF receiving Mr B's letter dated 29 March 2023 (before the copy attached to his letter dated 11 May 2023) .

AF accepted the Investigator's findings. Mr D on behalf of Mr B didn't agree. In summary he says this service has not acted impartially. He says AF has acted negligently and hasn't treated Mr B fairly. Mr D wants us to deal with both the insurer and AF under this complaint.

Mr D says Mr B will only accept the outcome if AF pays £300 compensation for the distress and inconvenience caused, and the insurer confirms it will backdate the cancellation.

So the case has been passed to me to decide.

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.

There isn't any evidence AF received Mr B's letter dated 29 March 2023 around that time. This doesn't mean I don't believe that Mr B sent it.

AF did however confirm it received Mr B's chaser letter dated 11 May 2023, which enclosed a copy of his letter dated 29 March 2023 requesting the cancellation and pro rata refund.

AF stated in its final response to Mr B dated 26 June 2023 that it received an email from Mr B on 16 May 2023 and this has understandably caused confusion - as its file notes show it received 'post' on 16 May 2023, being Mr B's letter dated 11 May 2023. Mr D says Mr B doesn't communicate by email, only by letter and phone.

Mr D says AF has treated Mr B poorly. I agree that AF has made failings in its communication with Mr B, and failed to properly assist him with his request. I think it should have provided the insurer with the information Mr B gave it about his car, because once it was declared a total loss and Mr B no longer owned the car, there was no insurable interest. Or alternatively, it should have promptly responded to Mr B and given clear guidance as to what he needed to do.

I understand Mr D wants us to include the insurer in this complaint. But we cannot do this as the insurer is a separate legal entity. I can only consider the complaint against AF in my decision.

The insurer is responsible for claims handling. Mr B has provided a copy letter from the TPI dated 17 January 2023 which confirms it intends to settle his claim as a total loss. If Mr B can provide proof of payment for the total loss settlement to the insurer and proof he no longer owns the vehicle, in line with AF's notes, the insurer intends to backdate the cancellation of Mr B's policy.

Mr B is entitled to raise a separate complaint against the insurer if he wishes to do so. If he is unhappy with the outcome, he can bring his concerns to this service.

Mr D has mentioned phone calls with AF on 14 September 2022 and 11 October 2022. He says Mr B was promised an update, but didn't receive one.

I've listened to a recording of the call on 11 October 2022 where Mr B explained that he had spoken to the underwriter on 14 September 2022 and had been advised that AF was dealing with his claim. AF said it had no record of the 14 September call, but it would look into Mr B's request and update him.

AF's records show it called Mr B back to provide an update on 18 October 2022 and left a voicemail message. It did so again on 19 October 2022. Mr B called AF back on 19 October 2022 about the missed call. AF advised the claim had been closed. Mr B said his car still had damage - the notes show AF transferred Mr B to the claims team.

So I think AF failed to act on Mr B's request for information about the cancellation of his policy. It should have promptly relayed his request to the insurer when it received this on 16 May 2023.

For this I think AF should pay Mr B £75 compensation. I think it caused avoidable delay for him.

I appreciate that Mr D on behalf of Mr B doesn't agree with this amount. He says Mr B's losses are much more, but hasn't provided evidence to show what these losses are. So I think the award of £75 to reflect the distress and inconvenience caused by AF's poor service is fair and reasonable.

My final decision

My final decision is that I uphold this complaint. I require Adrian Flux Insurance Services Group to pay Mr B £75 compensation for the distress and inconvenience caused. I think Adrian Flux should forward a copy of the letter from the TPI dated 17 January 2023 to the insurer and ask it to deal with Mr B's request.

It is for Mr B to provide the insurer with proof of payment for the total loss settlement and proof he no longer owns the vehicle.

Adrian Flux Insurance Services Group must pay the compensation within 28 days of the date on which we tell it Mr B accepts my final decision. If it pays later than this it must also pay interest on the compensation from the date of my final decision to the date of payment at a simple rate of 8% a year.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 29 December 2023.

Geraldine Newbold
Ombudsman