

The complaint

Mr S and Mr F complain that Rock Insurance Services Limited didn't refund the premium they paid for a travel insurance policy.

As Mr S brought the complaint to us, I've referred mainly to him.

What happened

On 4 February 2023, Mr S took out an airline-branded single trip travel insurance policy. He paid £77.40 for the contract. On 13 February 2023, he contacted Rock to request cancellation of the policy. As Mr S had cancelled the policy within the 14-day cooling-off period, he was entitled to a full refund of premium. He followed up his request by email four days later. On the same day, Rock responded to Mr S' email to ask for some more information. Mr S provided this information by return that evening.

However, the refund wasn't processed and Mr S didn't hear anything more from Rock. So he made a complaint.

Rock didn't respond to Mr S' complaint within the eight week period set out in the regulator's rules. And by May 2023, he still hadn't received a premium refund. So he asked us to look into his complaint.

We asked Rock to send us its file of evidence to help us investigate this complaint. But it didn't respond within the deadlines we gave. So the investigator relied on the evidence Mr S had provided and he recommended that the complaint should be upheld. He felt that as Mr S had requested policy cancellation within 14 days of taking out the contract, he was entitled to a full refund of premium. So he thought Rock should refund Mr S £77.40, together with interest of 8% simple to reflect the time he'd been without access to the funds. And he also recommended that Rock should pay Mr S £100 compensation for the inconvenience he'd been caused.

Rock didn't respond by either of the deadlines we gave and so the complaint was referred for an ombudsman's decision.

In September 2023, Rock wrote directly to Mr S to say that it had decided to uphold his complaint. It acknowledged that he'd requested policy cancellation within the cooling-off period and that he was entitled to a premium refund. It said that there'd been delays between the airline and Rock in arranging the refund, but that the funds would be repaid to the original method of payment. And it offered Mr S £20 compensation.

Mr S told us that he doesn't accept Rock's offer and that he'd like an ombudsman to decide his complaint. So the complaint's been passed to me.

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, I've decided to uphold this complaint and I'll explain why.

Rock still hasn't provided us with a copy of its file or a copy of the email it sent Mr S on 12 September 2023. But it seems clear that Rock now accepts that Mr S *did* ask to cancel his policy within the 14-day cooling-off period and that he was therefore entitled to a full refund of premium. Rock's letter indicated that the refund would be paid by the airline to the original method of payment within 14 days. If the refund of £77.40 hasn't yet been paid to Mr S, Rock must now ensure it pays this sum promptly and within 28 days of the date Mr S lets us know whether he accepts my decision.

Given Mr S contacted Rock to cancel the policy on 13 February 2023, I'd have expected the refund to be processed far more quickly than it has been. Mr S has been waiting for the refund for around eight months. It seems the delays were down to the refund process set-up between Rock and the airline, and miscommunications between those two parties. However, I don't think it's fair or reasonable for Mr S to have been deprived of money he was entitled to due to the commercial refund arrangements between Rock and the airline. Or for him to have been put to the time and inconvenience of needing to contact Rock and not receiving timely responses either to his cancellation request, or subsequently, to his complaint.

As such, I agree with our investigator that it would be fair and reasonable for Rock to add interest to the premium refund amount at an annual rate of 8% simple from the date the policy should have been cancelled until the date of settlement. And given the time and trouble Mr S has been put to in dealing with what should have been a simple request, I don't think £20 compensation is enough to reflect the delays Mr S has experienced. Instead, I agree with our investigator that £100 compensation is a fair, reasonable and proportionate award to reflect the distress and inconvenience I think Rock has caused Mr S over an eight month period. Again, these amounts must be paid to Mr S within 28 days of the date he lets us know whether he accepts this decision.

My final decision

For the reasons I've given above, my final decision is that I uphold this complaint.

I direct Rock Insurance Services Limited to:

- Refund Mr S and Mr F's premium of £77.40 if this amount hasn't already been refunded;
- Pay interest on the refund amount at an annual rate of 8% simple, from the date the policy should have been cancelled until the date of settlement*;
- Pay Mr S and Mr F a total amount of £100 compensation.

*If Rock considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr S and Mr F how much it's taken off. It should also give Mr S and Mr F a tax deduction certificate if they ask for one, so they can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F and Mr S to accept or reject my decision before 21 November 2023.

Lisa Barham
Ombudsman