

The complaint

Mrs N complains about the handling of a refund under her motor insurance policy with U K Insurance Limited (UKI).

References to UKI in this decision include their agents.

Mrs N was supported by a representative when making her complaint. References to Mrs N in this decision include her representative.

What happened

In April 2023 Mrs N received an email from UKI saying she's been overcharged for her policy and was due a refund of £13.63. However, Mrs N didn't receive the refund and complained to UKI the following month. She didn't receive a reply so complained to UKI in July 2023.

In their final response issued the same month, UKI didn't uphold the complaint. They said a review of her policy had identified a mistake when the policy was taken out, which meant a refund of £13.63 was due to her (including interest). UKI said the refund was issued in April 2023 and should have appeared on Mrs N's bank statement. UKI apologised for not meeting Mrs N's expectations. UKI said they would provide Mrs N with £25 as a goodwill gesture.

Mrs N then complained to this Service. She said she'd made her complaint to the email address on UKI's website. As well as the financial impact of being overcharged, she still hadn't received the refund UKI had said she was due, due to their poor administration. She was left in the position of having a credit balance on her son's [cancelled] credit card, which she thought UKI should have checked was correct and up to date before issuing the refund. This had caused her significant distress, upset and inconvenience. She wanted the refund credited to an account she could access. She also wanted her complaint points addressed, an apology and compensation for the financial impact, distress and inconvenience suffered.

Our investigator concluded Mrs N had suffered trouble and upset from what had happened but thought UKI's offer of £25 goodwill gesture fair and reasonable in the circumstances, so didn't think UKI needed to do any more. UKI had provided a breakdown of the refund due, including the interest element, putting Mrs N in the position she would have been had the mistake not been made. He also thought it reasonable to seek to refund the amount due by crediting the card used when the policy was taken out, though this caused some difficulty for Mrs N. UKI indicated they would be willing to issue a cheque for the refund to Mrs N, if she first refunded the credit they'd made to the credit card account. UKI acknowledged their website did show an incorrect email address for complaints, which caused a slight delay in Mrs N's complaint being investigated, causing some trouble and upset. But, overall, the £25 offered was fair and reasonable.

Mrs N disagreed with the investigator's view and requested an ombudsman review the complaint. In disagreeing she raised three points. First, that she was overcharged in the first place. Second, that the refund was processed automatically on a card account that was no longer current, without consultation and which shouldn't have been processed as it wasn't a 'live' account through which regular monthly instalments were being made (the policy was

taken out by payment of the full annual premium). Third, that she didn't have a response to her complaint, due to the incorrect email address being on the UKI website, causing unnecessary and avoidable delays. She didn't think the £25 offered by UKI was sufficient, given these points.

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.

My role here is to decide whether UKI have acted fairly towards Mrs N.

The key issue in Mrs N's complaint is whether UKI acted fairly and reasonably in how they credited the refund they calculated was due on Mrs N's policy. Mrs N says UKI should have checked that the credit card to which the refund was paid was correct and up to date. From what I've seen, UKI refunded the sum by crediting it back to the same credit card (of Mrs N's son) that was used to pay the premium when the policy was taken out. UKI acknowledge a loss of expectation by Mrs N and awarded £25 as a goodwill gesture.

Mrs N is also unhappy at what she considers to be not all her complaint points being addressed, in particular that her original complaint was made through the email address shown on UKI's website. However, this would be an aspect of complaint handling, which isn't something that falls within the remit of this Service.

Coming back to the main issue of the complaint, together with the points raised in response to our investigator's view, I've first considered the question of the refund itself. In her original complaint to this Service, Mrs N doesn't question that a refund was due, nor its calculation. What is clear is that the refund was identified by UKI and they sought to refund it to Mrs N. I think it's reasonable that where an error is identified, a business should seek to refund any amount due, where the error is in the consumer's favour (as in this case). That's what I'd expect UKI to do and it isn't the role of this Service to punish a business for making a mistake, particularly where they have sought to put things right.

And having checked the calculation of the refund, I think it's reasonable, and that UKI have added interest to the refund.

I've then turned to the issue of how UKI sought to make the refund. From the email from UKI to Mrs N in April 2023 advising her that the refund was due, it states that their records held details of a credit or debit card against the policy. This would have been the card details provided by Mrs N when she took out the policy. From what Mrs N has told us, the card was in the name of her son, as she recalled using the card details as she herself didn't hold a credit card. This would have made Mrs N reasonably aware that this was how the refund was going to be processed.

Thinking about this, while it was reasonable for Mrs N to have used the credit card details of her son in the circumstances (I assume he was content for this to happen) it was also reasonable for UKI to hold those card details for future use. For example, when the policy came up for renewal, if this was on an automatic renewal basis the terms of business provided by the insurance intermediary used by UKI to administer the policy provide for the renewal to be processed against the card. It's reasonable to apply the same principle where another mid-term adjustment is required – a refund or an additional; premium should policy changes be made.

So, Mrs N should reasonably have been aware the refund was going to be made to the same card details used when she took out the policy, and reasonable for UKI to use this

method. However, I also think it reasonable for it to have been Mrs N's responsibility to make UKI aware that the card details she provided were no longer current (and provide alternative card details).

From what I've seen, while the card wasn't current, the card issuer processed the refund and showed it as a credit to the account. That's the responsibility of the card issuer – not UKI. Had the refund been rejected by the card issuer, then UKI would have been aware of the fact and likely to have contacted Mrs N to ask for an alternative account for the refund to be issued to. As the refund wasn't rejected, there wouldn't have been any reason for UKI to think it hadn't been processed.

Taking all these points into account, I think UKI acted fairly and reasonably in the circumstances. However, I agree that Mrs N will have suffered some inconvenience from what happened. Considering the circumstances of the case, I think UKI's offer of £25 as a goodwill gesture is fair and reasonable, so I won't be asking them to make a further award.

My final decision

For the reasons set out above, it's my final decision not to uphold Mrs N's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs N to accept or reject my decision before 27 February 2024.

Paul King
Ombudsman