

## **The complaint**

Mr G is unhappy with the service provided by Herts Insurance Consultants Ltd (Herts) after purchasing car insurance.

## **What happened**

In September 2022 Mr G purchased car insurance through Herts Insurance Consultants Ltd. Mr G signed a credit agreement with company P to pay for car his insurance by direct debit each month.

Mr G contacted Herts in November 2022 as he'd noticed that his current account was in overdraft following the last direct debit payment being taken by company P. It was discovered that due to an error, two credit agreements had been set up instead of one. Because of this, Mr G had been making double the monthly payments he was supposed to.

Mr G also said he'd paid a £25 fee, but this hadn't been reflected on his credit agreement. In resolution of what had happened, Herts agreed to refund the £25 fee, and the additional premiums totalling £273.32. Mr G has said that he received the £25 refund, but the remaining £273.32 wasn't refunded until eight days later. Mr G has explained that his partner transferred money to his account to bring it back in credit. This helped him avoid daily overdraft charges while waiting for the refund to come through.

Mr G complained to Herts about money being taken from his account without his permission, the delayed refund of his premium payments, and the impact on his credit score because of what had happened. Mr G explained that his credit score was 364 in August 2022. It had dropped to 271 in November. In January 2023 it had increased to 360- but it took five months for it to reach the same score as it was before things had gone wrong with Herts. Herts recognised that the service provided wasn't in line with their usual service standards.

In addition to the earlier refunds of £25, and £273.32, Herts offered Mr G £275 in recognition of the time Mr G had spent trying to sort out what had happened with his credit agreement, and chasing Herts for a refund of the additional payments. Mr G wasn't happy with this resolution, and asked for this service to consider his complaint.

The investigator found that the service provided had been poor, but the compensation offered by Herts was reasonable, and in line with our approach. The investigator didn't ask Herts to do anything in settlement of Mr G's complaint. Mr G didn't accept the investigator's findings, saying that his credit score was reduced by 94 points, and this hasn't been considered by Herts or this service when deciding what fair compensation should look like.

## **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 reviewed the evidence, I agree with the investigator's outcome on this complaint for broadly the same reasons. I can understand this is likely to come as a disappointment to Mr G but I hope my findings go some way in explaining why I've reached this decision. I've

focused my comments on what I think is relevant. If I haven't commented on any specific point, it's because I don't believe it has affected what I think is the right outcome.

Herts accept that the service provided fell short of their usual standards. So the dispute now relates to the award of compensation that should be paid in recognition of what went wrong, and the impact on Mr G.

When we find that a business has done something wrong, we ask the business to put the customer back into the position they would've been in, had the poor service not happened. Where there is evidence of trouble and upset, we'd think about the impact on the customer, and ask the business to award compensation in recognition of this impact.

It might be helpful to explain the payments already made to Mr G. Mr G has been refunded the £25 fee, and this was done within a reasonable timeframe. I'm satisfied this payment isn't the crux of this complaint. Mr G has explained he didn't receive the outstanding £273.32 until eight days after complaining to Herts. So I've considered the impact on Mr B because of the delay in receiving this refund.

Mr G has explained that his account attracts daily interest for being overdrawn. Because the overdrawn amount was under £10, Mr G asked his partner to transfer payment to him. Mr G has explained he did this in order to prevent his account from staying overdrawn, and to protect his credit rating.

Because of Mr G's actions, his account didn't incur any additional charges. But it's evident that Mr G was caused inconvenience and upset by having to quickly take action to prevent his account from remaining overdrawn. I've considered this when thinking about what fair compensation should look like.

Mr G has explained the crux of his complaint is the impact on his credit score as a result of what happened. Mr G has provided a detailed testimony about how his credit score was 364 in August 2022. It then dropped to 271 in November. In January 2023 it had increased to 360- but it took five months for it to reach the same score as it was before things went wrong with Herts. Mr G strongly feels that even though his credit score has now recovered, this'll have a lasting on his ability to take out credit in the future.

Mr G also says since making his complaint to Herts, part of his reasons for not applying for a mortgage is because of the impact on his credit score, and how it might affect his ability to take out a mortgage. I've considered Mr G's comments carefully.

When thinking about the impact on Mr G, I'm satisfied that there hasn't been any material impact on Mr G's day to day living, or life choices. I accept that it's worrying for Mr G to apply for a mortgage, because of what he knows about his credit score, and how it dropped. But when considering compensation for the impact of what happened, I haven't seen evidence of Mr G being rejected for credit, or being materially impacted by his ability to get credit.

It's reasonable for Herts to offer compensation for the upset and worry caused by their error, But I don't think it would be fair to ask them to pay for the likelihood of Mr G being rejected for credit. I haven't seen any evidence of Mr G applying for credit, or being rejected for reasons linked to his credit score dropping.

The compensation of £275 recognises the poor service provided by Herts, and impact on Mr G, based on the additional chasing he had to do, and the disappointment in learning about the impact on his credit score. Overall I think Herts' actions to put things right have been reasonable.

**My final decision**

Herts Insurance Consultants Ltd offer to put things right has been fair and reasonable. It is for Mr G to decide whether to accept this offer.

For the reasons explained I won't be asking Herts Insurance Consultants Ltd to do anything more in settlement of Mr G's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 5 December 2023.

Neeta Karelia  
**Ombudsman**