

## **The complaint**

Mrs F is unhappy with the service she's received from U K Insurance Limited trading as Direct Line for Business (UKI) following issues with payments for her business protection insurance policy.

## **What happened**

Mrs F had a business protection insurance policy with UKI. She paid for this by monthly instalments.

However, there were issues with UKI's collection of the May, June and July 2023 instalments. Mrs F was notified they hadn't collected each time, contacted UKI and received conflicting information they had collected and later was told they hadn't. This meant Mrs F had to contact UKI and make manual payments. She was also told her policy was cancelled, but that wasn't actually the case at that time.

However, in August 2023 Mrs F's policy was then cancelled due to no payment being received for July 2023. And UKI said Mrs F needed to pay the outstanding balance and cancellation charges.

Throughout the ongoing monthly payment issues, Mrs F raised several complaints. UKI recognised the ongoing payment issue was a problem their end, and they offered a total of £105 compensation (separately £25, £25 and £55). But UKI said they hadn't acted unfairly by cancelling the policy as they notified Mrs F of this beforehand.

Mrs F remained unhappy and approached this service.

One of our investigators looked into things and he recommended the complaint should be upheld. He said that he didn't think the compensation was enough, so he recommended UKI should pay a total of £200.

UKI didn't agree so the case was passed to me to decide.

I was minded to reach a slightly different outcome to our investigator, so I issued a provisional decision to give both parties an opportunity to comment on my initial findings before I reached my final decision.

## What I provisionally decided – and why

In my provisional decision, I said:

*“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 partly agree with the outcome our investigator reached. But there is also something else I think UKI need to do to put things right. So, I’m issuing a provisional decision, to give both parties an opportunity to comment on my initial findings before I reach my final decision.*

*It isn’t disputed that there was an internal system issue with UKI which caused the payments to fail to be collected. But each time Mrs F contacted UKI, she was given conflicting information. This was because despite the direct debit not being collected from Mrs F’s account, when she contacted UKI, they said there was no outstanding balance. This was because it took some time to actually reflect on the account, which I understand was a separate internal system issue.*

*Mrs F was given a link to make a manual payment each time. I can understand Mrs F’s frustration with this repeatedly occurring. She suggested to UKI she pay the remainder of the amount owing in one payment, to avoid it happening to future payments. So, Mrs F tried to mitigate what was an issue with UKI’s systems. But despite this suggestion, UKI failed to call Mrs F back to take the payment.*

*In July Mrs F received another notification that the payment hadn’t been collected. She contacted UKI to explain again, and ultimately asked for a link to make the payment. But this wasn’t sent. Mrs F’s policy was subsequently then cancelled.*

*Our investigator recommended the compensation be increased to a total of £200 for the inconvenience caused to Mrs F.*

*I agree a total of £200 compensation is fair in the circumstances. Mrs F was continually inconvenienced by an error with UKI’s systems, repeatedly needed to contact UKI and received conflicting information. She tried to mitigate this, but UKI failed to act on that. And ultimately Mrs F’s policy was cancelled as a result of the ongoing issues. Unless anything changes as a result of the responses to my provisional decision, I’ll be directing UKI to pay a total of £200 compensation.*

*UKI already offered £105 compensation. Mrs F has said she didn’t receive £25 of the compensation and had only received £80, so our investigator said UKI would need to pay an additional amount of £120 to take the total to £200. UKI didn’t agree with the increased compensation, but they also said they’d already sent Mrs F £105.*

*If my final decision remains the same as my provisional decision, I’ll be directing UKI to pay a total of £200 compensation. Mrs F says that she hasn’t received £105 and has only received £80. So, unless UKI can show that the outstanding cheque for £25 has been cashed, they’ll need to pay an additional £120. Or if UKI can show it has been cashed, they’ll only need to pay £95 to take the total to £200.*

*However, I think there is something else which needs to be done beyond compensation to put things right too, which wasn’t considered by our investigator. The policy was ultimately cancelled. UKI says it issued a 14-day warning of cancellation notice, so UKI says they haven’t acted unfairly in relation to this.*

*Having considered what happened, this notice was sent on 31 July 2023 which was the same day Mrs F contacted UKI to query her payments and she was told this was up to date and the payment had been applied for. She was told that it could take a week to fail and UKI would be in contact if that happened. But later that same day, it did fail and she was written to with a 14 day cancellation notice. So given it was the same day, I think this would have caused confusion.*

*Mrs F then contacted UKI on 10 August 2023 to raise this, which was before the policy was due to be cancelled, and she asked for a payment link to pay the outstanding amount. However, this wasn't then sent by UKI and the policy was cancelled.*

*UKI recognises this payment link wasn't sent, but they also said that as Mrs F didn't respond on time the chat was closed. However, the internal notes from UKI say that conversation was auto-closed and should have been returned to the queue and picked up the following morning, but that didn't happen.*

*So, it does look like this should have been followed up by UKI but wasn't. But in any event, I can't ignore the fact that the cancellation was directly linked to the internal issue which was causing payment problems which were no fault of Mrs F. Mrs F had contacted UKI each time and received conflicting and unclear information. And Mrs F tried to mitigate future issues by offering to pay for the remainder of the policy, but UKI didn't act on that which resulted in the future issues, and ultimately the cancellation.*

*Mrs F has taken a policy elsewhere, so doesn't need this policy reinstating. But from my understanding she was asked to pay £39.10 following the cancellation. And UKI said this was made up of a time on risk charge and a cancellation fee but hasn't been clear how that's been calculated or what the fee charges are.*

*I don't think charging for time on risk is unfair, as the policy provided cover for that period. However, given the chain of events which ultimately resulted in the cancellation, I don't think it is fair or reasonable for UKI to charge a cancellation fee. Therefore, unless anything changes as a result of the responses to my provisional decision, I'll be directing UKI to waive the cancellation fee. If Mrs F has already paid this, they'd need to reimburse this, with 8% simple interest added from date of payment to date of reimbursement.*

*Given the policy is for business protection, it's unclear whether UKI records the cancellation for non-payment internally or externally. But if it has been, this should be amended to show as cancelled by Mrs F rather than UKI, so it doesn't impact her in the future in the same way a policy cancelled by an insurer for non-payment may do."*

So, I was minded to uphold the complaint and to direct UKI to increase the total compensation to £200, waive the cancellation fee, or if Mrs F had already paid it, reimburse it with 8% simple interest added. I also said that if the cancellation was recorded internally or externally as cancelled by UKI for non-payment, this should be amended to reflect it was cancelled by Mrs F.

## **The responses to my provisional decision**

Mrs F responded to the provisional decision and said she agreed with it. She also added that she had already paid the cancellation fee in September 2023.

UKI also responded and said they had nothing to add in response to the provisional decision. They also said they would check which cheques had and hadn't been cashed.

## **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.

And I've thought carefully about the provisional decision I reached and the responses to it. Having done so, and as neither party has provided anything which would lead me to depart from my provisional decision, my final decision remains the same as my provisional decision, and for the same reasons.

## **My final decision**

It's my final decision that I uphold this complaint and direct U K Insurance Limited trading as Direct Line for Business to:

- Increase the total compensation to £200
- Reimburse the cancellation fee with 8% simple interest\* added from date of payment to date of reimbursement
- If the cancellation is recorded internally and externally as cancellation by UKI due to non-payment, amend this to reflect that it was cancelled by Mrs F

\*If U K Insurance Limited trading as Direct Line for Business considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mrs F how much it's taken off. It should also give Mrs F a tax deduction certificate if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs F to accept or reject my decision before 25 December 2023.

Callum Milne  
**Ombudsman**