

The complaint

Mr D complains that Somerset Bridge Insurance Services Limited trading as Go Skippy (Somerset) unfairly cancelled his motor insurance policy.

For ease, any reference to Somerset includes the actions of its agent.

What happened

The circumstances of this complaint are well known to both parties, so I've summarised events.

- Mr D has a motor insurance policy with Somerset. He made a mid-term adjustment to the policy on 21 July 2023 when he added a new vehicle. Somerset advised Mr D he'd have to pay an additional premium and administration fee for the adjustment – which he agreed to.
- Mr D attempted to make the payment whilst on the phone to Somerset, but owing to issues with its system, the transaction wasn't successful. Somerset's advisor called Mr D back to attempt the transaction again but was unsuccessful.
- Having been unable to make the payment because of the system issue, the advisor told Mr D he'd need to make the payment within seven days, or his policy would be cancelled. Somerset said it also sent a letter to Mr D advising him that the policy would cancel on 28 July 2023 if it didn't receive the payment in time.
- On 29 July 2023, Mr D was notified the policy had been cancelled. Unhappy about this, Mr D called Somerset. He said he'd tried to get in touch before the 28 July 2023 but hadn't been able to get through. Somerset told Mr D it was still experiencing system issues and wasn't able to assist him further.
- Mr D called Somerset again the next day. Somerset told him it wouldn't be able to reinstate the policy as requested. Unhappy with how things had been handled, Mr D complained. In its final response letter, Somerset maintained its position but offered £25 for the difficulties Mr D had experienced.
- Mr D remained unhappy, and so, brought a complaint to this Service. He said Somerset's decision to cancel the policy due to non-payment had a negative impact on him and meant insurance he'd obtained with another provider was more expensive.
- An Investigator considered the complaint and upheld it, saying Somerset should:
 - pay £150 compensation in total.
 - remove any internal and external cancellation markers placed on Mr D's record and send confirmation of this, so he could share it with his new insurer.

- cancel the outstanding balance and any cancellation fees it has applied following the cancellation of the policy. Adding that if Mr D had already paid this, 8% simple interest should be added to the reimbursement.
- Pay the difference in premiums between what Mr D has paid his new insurer and what he'd have paid Somerset, had it not cancelled his policy.
- Somerset responded and said it only experienced intermittent system issues between 21 and 29 July and that if Mr D had contacted it during this time and it still had issues, it could have looked to providing an extension.
- Because Somerset disagreed, the complaint has been passed to me for an Ombudsman's decision.

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 agree with the outcome our Investigator reached and I am upholding this complaint.

- If a policy holder doesn't pay their premiums, insurance providers are entitled to cancel the policy. What's in dispute here is whether it was fair and reasonable for Somerset to cancel the policy in the particular circumstances of this complaint. I don't think it was, and I'll explain why.
- It's not in dispute that when Mr D called Somerset to adjust his policy, he tried to make a payment to cover the increased premium at the same time – with two unsuccessful attempts being made.
- Mr D has said he tried to call Somerset again before the 28 July 2023 to pay the additional premium but was unsuccessful – saying he couldn't get through. But Somerset says it has no record of Mr D calling it during this time. Without evidence from either party to show this, I can't be sure if he did or didn't.
- But even if Mr D had got through to Somerset during the seven-day window, it seems unlikely he would have been able to make the payment. I say this because Somerset has said it was having intermittent system problems from 21 July to 29 July 2023 – which spans the seven-day window. So, on the face of it, it appears Mr D was given a deadline he was unlikely to be able to meet through no fault of his own – coupled with the fact he'd already tried to pay twice which was not possible due to issues Somerset was experiencing.
- Somerset has said if it had spoken to Mr D during this time it could have looked to agree an extension. But it already knew on 21 July 2023 that there were system issues and so it could have provided Mr D with an extension to the timeframe at the outset – or advised him to make a payment once the problem had resolved.
- And even if Mr D hadn't tried to get in touch during the seven days, Somerset was aware of its system issues during this time – even if intermittent – and could have contacted him to let him know this and provide an extension.
- Whilst I accept Somerset informed Mr D on the phone and by letter that he needed to make the payment within seven days, ultimately, this didn't account for the fact it was

experiencing system issues which would have likely hindered Mr D's ability to make the payment.

- So, having considered the available evidence, I'm not persuaded Somerset's decision to cancel the policy because of non-payment is fair or reasonable in these particular circumstances.
- It seems Somerset has said Mr D needs to pay the additional premium charge, administrative fee, and early cancellation fee – and it has passed this to a debt agency to collect on its behalf. But as I consider the policy to have been unfairly cancelled, I don't consider it reasonable for Somerset to charge a cancellation fee. Nor do I, in these circumstances, consider it fair for Somerset to seek to recover the administrative fee and additional premium charge given Mr D didn't receive the benefit of this cover.
- Mr D has said he's had no choice but to take out insurance with another provider. And that because of Somerset cancelling his policy due to non-payment, his premiums have substantially increased. So, Somerset should pay the difference between the last annual premium Mr D had with Somerset and the premium paid to his new insurer.
- Mr D has said the whole situation has been stressful for him. I don't doubt this having seen he was notified the outstanding payment had been passed to a debt collection agency on Somerset's behalf. This, coupled with the inconvenience of not being able to make his payment as intended, and the subsequent impact of this, satisfies me that £150 compensation is fair and reasonable in the circumstances.

My final decision

My final decision is I uphold this complaint and direct Somerset Bridge Insurance Services Limited trading as Go Skippy to:

- Pay £150 compensation in total. If it's already paid £25, it can deduct this from the total amount. Somerset must pay the compensation within 28 days of the date on which we tell it Mr D accepts my final decision. If it pays later than this, it must also pay interest on the compensation from the deadline date for settlement to the date of payment at 8% a year simple.
- Update any relevant databases, both internal and external, to record why Mr D's policy was cancelled, so it's clear this was due to a failing on Somerset's part. And provide confirmation of this to Mr D so he can share it with his existing and future insurer.
- Upon receipt of evidence of Mr D's premiums increasing since his last year of cover with Somerset – Somerset must cover the difference between the last annual premium Mr D paid it, and the premium paid to his new insurer.
- Remove the early cancellation fee, administrative fee, and additional premium charge from the outstanding balance. If Mr D has already paid this, Somerset must reimburse him this amount and pay simple interest at 8% a year, from the date it was paid until the date it is refunded.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 20 February 2024.

Nicola Beakhust
Ombudsman