

The complaint

Mrs S and Mr S have complained about Impact Insurance Services (Bolton) Ltd. They are not happy with the deductions and cancellation charges it made when they cancelled their commercial buildings insurance policy.

What happened

Mrs S and Mr S took out a commercial buildings insurance policy through Impact Insurance but chose to cancel the policy just after the cooling off period as they managed to get a cheaper policy elsewhere. And when Impact Insurance cancelled the policy it deducted fees and a cancellation fee in addition to the amount charged by the insurer for time on cover. But Mrs S and Mr S weren't happy about this, so they complained to Impact Insurance and then this Service.

Impact Insurance said it explained to Mrs S and Mr S about its charges before they took the policy out and before they looked to cancel their policy as well, so it didn't think it had done anything wrong.

When our Investigator looked into things for Mrs S and Mr S he didn't uphold their complaint. He thought that Impact Insurance had clearly set out its charges and cancellation fees before Mrs S and Mr S took out the policy and that it made these costs clear to them when they looked to cancel the policy.

As Mrs S and Mr S didn't agree the matter has been passed to me for review.

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 don't think this complaint should be upheld. I know this will come as a disappointment to Mrs S and Mr S, but I'll explain why.

I don't propose to go over the finer detail of the issues here as both sides are fully conversant with the complaint and what happened. I have some sympathy with Mrs S and Mr S and I can understand why they don't want to pay any additional charges or a cancellation fee following the cancellation of their policy.

However, Impact Insurance made it clear in its correspondence and documentation before Mrs S and Mr S took out their policy what its charges would be in the event of cancellation. And it is important to remember that this is a commercial policy and so there is a greater onus on a commercial customer to be aware of the detail of the policy than there is a general consumer. I know Mrs S and Mr S don't feel this is fair, but they are commercial customers and have commercial interests, so I think there is a greater onus on them to understand the finer detail of their policy, especially the costs to cancel the policy.

I've considered the information and explanation Impact Insurance provided to Mrs S and Mr S weeks before they took the policy out, at policy inception and at the time of cancellation. Mrs S and Mr S suggest that Impact Insurance tried to prevent them from cancelling the policy, but I don't think this was the case. It was clear that it was ensuring they knew the

costs incurred in cancelling the policy before going ahead and I don't think that is unreasonable. As I've already mentioned as commercial customers I would expect Mrs S and Mr S to be fully aware of the costs incurred if they chose to cancel the policy. And although the cancellation fee is slightly high it is clear that Impact Insurance incurred costs in cancelling the policy and commission charges and clearly communicated these.

Given this, I think Impact Insurance acted fairly here in deducting its commission charges and a cancellation fee in addition to the insurer charging for time on cover. I say this as it made the charges clear to Mrs S and Mr S just before cancellation in addition to outlining the charges and fees in the policy documentation before the policy was taken out. I know that Mrs S and Mr S cancelled the policy just outside the cooling off period, but I can't hold this against Impact Insurance, and they could have checked the policy was suitable before taking it out or during the cooling off period if they wished.

My final decision

It follows, for the reasons given above, that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S and Mr S to accept or reject my decision before 19 April 2024.

Colin Keegan
Ombudsman