

The complaint

Mr G complains that Broker Experts Limited mishandled his commercial vehicle insurance policy.

What happened

Mr G had a van.

On 28 July 2023, he went online and through Broker Experts (an insurance intermediary) he bought a van policy. That was to cover him as policyholder and his son as a named driver. Mr G also bought the optional extra of breakdown cover.

Mr G called Broker Experts on 29 July 2023. He bought the additional optional extras of EU breakdown cover at a cost of £89.95, legal cover at a cost of £29.95 and excess protection at a cost of £69.96. That was a total of £189.86. By the end of that call, Mr G had received the policy documents by email.

The total cost was going to be as follows:

Van insurance	£2,214.64
Broker Experts' set-up fee	£ 60.00
optional extras	£ 189.86
total	£2,464.10

Mr G paid a deposit or initial payment of £474.02.

For the balance of £1,990.08, Mr G entered into an agreement with a credit provider. He agreed to pay a direct debit instalment of £241.82 (which included its fee of £5.00) and nine further instalments of £236.82. That's a total of £2,373.20.

On 18 August 2023, Mr G called Broker Experts again. They discussed possible cancellation. Broker Experts quoted a cost of £288.34 to cancel the policy.

On 25 August 2023, Broker Experts called Mr G. He complained that it hadn't cancelled the policy.

On 29 August 2023, Mr G's payment of £241.82 fell due but the direct debit failed. The credit provider made a £25.00 default charge.

On about 6 September 2023, the credit provider took payment of £241.82.

On 7 September 2023, Broker Experts sent Mr G a seven-day notice of cancellation.

By a final response dated 14 September 2023, Broker Experts said that the figures for cancellation from 18 August 2023 would've been as follows:

Return premium	£2,030.56
Less 12.5% commission	£ 253.82
Clawback from credit provider (unpaid instalments)	£1,990.08
Cancellation fee	£ 75.00
Total outstanding balance	£ 288.34

Mr G replied to the final response, raising further issues about Broker Experts ignoring emails and providing poor service.

Mr G brought his complaint to us in late October 2023. By that time, Mr G had added complaints that Broker Experts didn't respond positively to his request for call recordings.

Our investigator said that Mr G would have to raise a separate complaint about the issues he raised in his reply to the final response and about requests for call recordings and about the actions of the credit provider.

Our investigator didn't recommend that the (current) complaint should be upheld. He thought that Broker Experts had dealt with the complaint fairly. He said that Broker Experts were correct that Mr G owed them £344.78, but as a goodwill gesture they'd reduced this to £288.34 to match the figure quoted on 18 August 2023.

Mr G disagreed with the investigator's opinion. He asked for an ombudsman to review the complaint. He says, in summary, that:

- On 25 August 2023, Broker Experts initiated a call with him, contrary to his explicit request for written communication. Broker Experts were pressuring him to cancel the policy. This transpired into an unjust 7-day cancellation notice, coupled with an unexplained charge of £241.81 on 11 September 2023.
- The exorbitant charges, including the undisclosed commission charge, are nothing short of exploitative.
- A significant portion of the interest charged, amounting to £378.12 at a staggering 39.60% APR, was not going to the credit provider but was instead going to Broker Experts.

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.

I'm satisfied that Broker Experts did enough on 28 and 29 July 2023 to draw Mr G's attention to its terms of business.

Those terms included a table of fees. That included an arrangement fee of £60.00. It also included, in the event of a cancellation after the 14-day cooling off period, a fee of £75.00 and in addition a statement as follows:

"We will also retain commission of any returned (refunded) premium, as the insurer will reclaim this from us. For example if the returned premium is £500, and our commission was 12.5%, we will retain an additional £62.50."

Broker Experts' terms also included the following:

*"There will be a charge for the time you have been covered by your insurer. Full details of this can be found in your policy booklet.
We will then refund any amount we owe to you after deduction of any charges already applied to the policy. We will also charge our cancellation fee and reclaim our commission as noted in the table above. Premiums for optional add-on products are non-refundable after the 14 day cooling-off period"*

Broker Experts' terms also included the following:

*"How we are paid
When you take out or renew a policy with us or make a change to an existing policy, we charge you a fee for the services we provide as detailed above. In addition, the insurer pays us commission which is a percentage of the annual premium after the policy starts.
Where we receive no commission we will apply a specific fee at 12.5%."*

When Mr G bought the additional extras on 29 July 2023, Broker Experts confirmed during the telephone call that there would be no refund in the event of a cancellation after the 14-day cooling off period.

Mr G had paid his deposit of £474.02. He wasn't going to get any refund for the optional extras that totalled £189.86.

I've looked at the agreement with the credit provider. I've seen that Mr G borrowed £1,990.08. He agreed to pay a "Transaction Fee" of £378.11 and a "Facility Fee" of £5.00. I conclude that those fees were in lieu of interest. I haven't seen any evidence that Broker Experts received any of those fees. And I don't hold Broker Experts responsible for the credit provider's calculation or application of the APR of 39.6%.

I don't consider that Mr G instructed Broker Experts to cancel the policy on 18 August 2023. So I don't accept that Broker Experts should've cancelled the policy.

Broker Experts wanted clarity as to whether Mr G wanted to cancel the policy or to continue it. I don't accept that Broker Experts did anything wrong by making the call on 25 August 2023. From the call recording, I don't accept that Broker Experts applied unfair pressure during that call. In any event, I don't consider that Mr G instructed Broker Experts to cancel the policy on 25 August 2023.

The policy continued. So I don't consider that Broker Experts should've told the credit provider that it had cancelled the policy at that time.

By 29 August 2023, Mr G's direct debit had failed. I don't accept that Broker Experts caused the credit provider to impose a default charge or to provide adverse information to credit reference agencies.

In view of the lack of clarity from Mr G and the failure of his direct debit, I don't consider that Broker Experts treated him unfairly by serving the seven-day notice of cancellation. I say that notwithstanding that, at about the same time, the credit provider successfully took payment

of £241.81. I don't consider that this was unexplained. It was clearly the overdue first instalment under the agreement with the credit provider.

As I would expect, Broker Experts confirmed the cancellation in writing on 14 September 2023.

I haven't found the cancellation unfair. And I'm satisfied that the cancellation fee of £75.00 was in line with Broker Experts' terms and not unfair.

I accept that Broker Experts didn't receive any commission from the van insurer.

From what I've seen, the insurer charged £352.80 for the period of about ten weeks on cover. That is less than I would've expected compared to a charge of about £2,200.00 for fifty-two weeks. In any event, I wouldn't hold Broker Experts responsible for the insurer's calculation of its charge.

From what I've seen, the van insurer returned £1,861.44 to Broker Experts. Broker Experts deducted £253.82 for lost commission. That was about 13%. A charge of 12.5% of £1,861.44 would've been £232.68 and I find that in line with Broker Experts' terms and not unfair.

I consider that Broker Experts was obliged and entitled to reimburse the credit provider. I accept that the credit provider charged interest (or an equivalent fee) of £145.27. That's nearly 40% of the "Transaction Fee" of £378.11. However, I don't hold Broker Experts responsible for the credit provider's calculation of its interest charge.

Overall, following the cancellation, Mr G had paid the following:

to Broker Experts	£474.02
to the credit provider	£241.82
total	£715.84

Against that he was responsible to pay the following:

arrangement fee	£ 60.00
optional extras	£ 189.86
credit set-up fee	£ 5.00
credit default fee	£ 25.00
interest	£ 145.27
van cover	£ 352.80
lost commission	£ 232.68
total	£1,010.61

The shortfall between £715.84 and £1,010.61 is £294.77. So I don't conclude that Broker Experts has treated Mr G unfairly by asking him to pay a balance of £288.34.

My final decision

For the reasons I've explained, my final decision is that I don't uphold this complaint. I don't direct Broker Experts Limited to do any more in response to this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 30 April 2024.

Christopher Gilbert

Ombudsman