

The complaint

Mr B has complained about Bastion Insurance Company Limited. He isn't happy about the way it dealt with a claim under his home appliance insurance policy.

Any reference to Bastion includes any agents that it is responsible for unless specified.

What happened

Mr B took out a policy with Bastion in relation to his washing machine in June 2023 which commenced at the end of July 2023. And when he subsequently made a claim under the policy he was told he needed to pay the remainder of his premium, which he paid monthly, up front and that his £150 excess was required as he was claiming within the first 45 days of the policy being taken out. As Mr B wasn't happy about this he looked to cancel the policy and paid a cancellation fee. But Bastion looked for him to pay the full premium as it felt he had made a claim under the policy, and he had cancelled outside the cooling off period. And as Mr B remained unhappy he complained to Bastion and then this Service about this.

Our Investigator looked into things for Mr B and upheld his complaint. She thought Bastion should clear Mr B's outstanding premium and that he should just pay a cancellation fee as she didn't think it had treated him fairly.

As Bastion 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 think the fair and reasonable thing to do is to uphold this complaint and for Bastion to clear Mr B's outstanding premium and retain the cancellation fee Mr B paid. I'll explain why.

I know Bastion feels it is clear in its policy terms and conditions that the full premium would always be due once Mr B made a claim and that his excess would be £150 if a claim was made in the first 45 days. But I don't think this would be a fair outcome in the particular circumstances of this case.

I say this as I don't think it was clear to Mr B that he would have to pay the full premium up front before making a claim and pay a £150 excess payment. I would expect both these points to be made abundantly clear to Mr B when he took out the policy. I can see the fact that the remainder of the premium would be due is outlined reasonably but the additional excess due when a claim is made within the first 45 days of the policy being taken out isn't clear as it is tucked away on page 5 of the policy, and I haven't seen it highlighted elsewhere in a prominent position. And given the significantly higher excess fee if a claim is made early on in the policy as opposed to at a later stage I would expect it to be clearly highlighted.

Furthermore, had Bastion have notified Mr B of these requirements when he first contacted them about a possible claim I think Mr B would have just cancelled the policy before making a claim. And as this was during the cooling off period he would have just paid time on cover and the cancellation fee.

Plus, under the industry rules, insurers have a duty to give consumers the information they need at the right time and in a way they can understand, so they can make good financial decisions, without having key information buried in lengthy terms and conditions. And the information should be clear, fair, and not misleading. They should support their customers in making use of their policy without unreasonable barriers. In this instance if Mr B would have proceeded with the claim it would have cost him around the value of a new model of his appliance, and I don't think this feels fair.

Bastion has said the full premium is due and that a claim is still pending but I don't think Mr B proceeded with a claim and clearly withdrew it. And I've not seen anything to suggest that there was a cost to Bastion here as it didn't start its claim process as Mr B wouldn't pay the £150 excess fee or the outstanding premium.

Given all of this, I agree that the fair and reasonable thing to do in the particular circumstances of this complaint, is for Bastion to clear the outstanding premium on Mr B's account and it can retain the small cancellation fee Mr B paid. As Mr B is happy to pay for his time on cover and the small cancellation fee, and clearly would have cancelled the policy in the cooling off period had he been clearly advised by Bastion when he first contacted it, this feels fair.

My final decision

It follows, for the reasons given above, that I uphold this complaint. I require Bastion Insurance Company Limited to clear Mr B's outstanding premium and it can retain the small cancellation fee and just charge time on cover.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 21 June 2024.

Colin Keegan
Ombudsman