

The complaint

Mrs B complains that Acromas Insurance Company Limited is responsible for mishandling a motor insurance policy.

What happened

Mrs B had a vehicle with a “53” registration plate. She had it insured on a policy with an insurer other than Acromas for the year from mid-December 2022 to mid-December 2023.

Mrs B went online to look for insurance for a “55” plate vehicle. She got a quote from an insurance intermediary for the year from 11 November 2023 based on nine years no-claims discount (“NCD”).

The quote included the following figures:

premium	£309.14
arrangement fee	£ 30.00
total	£339.14

The quote also included an option of paying by instalments, with a charge for interest.

Mrs B accepted the quote, opting to pay by instalments. Mrs B paid £28.28 and agreed to pay eleven instalments of about £31.00.

The policy was branded with the name of the insurance intermediary. Acromas was the insurance company that was responsible for calculation of the premium.

The intermediary asked Mrs B for evidence of her NCD.

Mrs B cancelled the policy with effect from 25 November 2023.

The intermediary said it had applied charges and there was a balance of £18.54 due from Mrs B.

Mrs B complained to the intermediary about that.

By a final response dated late November 2023, the intermediary turned down the complaint. It gave a breakdown as follows:

arrangement fee	£25.00
cancellation fee	£ 5.00
time on cover	£16.82

subtotal	£46.82
less paid	£28.28
balance to pay	£18.54

Mrs B brought her complaint to us in early December 2023.

Our investigator didn't recommend that the complaint should be upheld. She thought that Acromas hadn't done anything wrong.

Mrs B disagreed with the investigator's opinion. She asked for an ombudsman to review the complaint. She says, in summary, that:

- The business constantly argued. She wasted many hours with them.
- The cancellation fee wasn't fair and transparent.

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've taken into account the relevant law, contract terms, regulations and good practice. Above all, I have to decide what's fair and reasonable.

The quote included the following:

*"What will you have to pay us for our services?
An arrangement fee will be charged under a separate contract between you and [the intermediary] for arranging your policy. [The intermediary] will also charge a fee if you wish to cancel your policy.
We will charge the following arrangement and cancellation fees:*

- £30.00 for arranging your policy (non refundable);*
- £5 if you cancel your policy within 20 days of your policy start date;*
- £50 if you cancel your policy after 20 days of the policy start date."*

So I'm satisfied that it was clear that Mrs B would have to pay a non-refundable arrangement fee of £30.00. That would've been spread over the instalments if the policy had run its course.

In the event that Mrs B cancelled within 20 days, then she would have to pay the arrangement fee of £30.00 and also pay a £5.00 cancellation fee. Those were payments under her agreement with the intermediary.

If Mrs B cancelled at any time, then I consider that it would be fair for Acromas to charge for the proportion of the year for which its policy covered her.

Mrs B had only paid the deposit or initial instalment of £28.28. So, if she cancelled within 20 days (before paying any more), then she would have to pay a balance to cover the arrangement fee, the cancellation fee and the charge for time on cover.

The premium for 52 weeks was going to be £309.14. So I would've expected the charge for 2 weeks on cover to be about £11.89. So the intermediary's figure of £16.82 is nearly £5.00 higher than I would've expected.

However, the intermediary's breakdown under-stated the arrangement fee as £25.00 rather than the correct fee of £30.00. I consider that this under-statement of £5.00 means that it wouldn't be fair and reasonable to direct Acromas to waive or reduce its charge for time on cover by a similar amount. Acromas hasn't made the balance of £18.54 unfair.

I've noted that Mrs B has spent time on researching and corresponding on points of consumer law. However, I don't accept that Acromas was argumentative. Overall I don't conclude that it would be fair and reasonable to direct Acromas to do any more in response to this complaint.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 1 May 2024.

Christopher Gilbert

Ombudsman