

The complaint

Miss C has complained that Somerset Bridge Insurance Services Limited trading as Go Skippy wrongly asked her to pay the remainder of her premium when cancelled her motor policy.

What happened

Miss C had been involved in an accident. It is presumed her claim is possibly being dealt with by the other driver's insurance company, or that Miss C has been told the accident wasn't her fault.

Miss C phoned Somerset Bridge to discuss insuring her new car. Miss C said instead her policy was cancelled and the operative couldn't give her any information about any remaining balance at the time.

Subsequently Somerset Bridge asked Miss C to pay the rest of her premium balance of £1,134.52. And when Miss C didn't pay this, it passed the debt to a debt collections agency. Miss C complained. In its final response letter Somerset Bridge agreed to waive its cancellation charge of £75.

Miss C didn't think this was sufficient and brought her complaint to us. The investigator thought it should be upheld. She thought Somerset Bridge could have given Miss C more information when she phoned in so she could understand and make an informed decision. She thought Somerset Bridge should pay Miss C £200 compensation. She didn't think Somerset Bridge had done anything wrong in asking Miss C to pay the rest of the premium owed given she had been involved in an accident. Somerset Bridge agreed to this, but Miss C didn't. In subsequent correspondence Somerset Bridge also offered to remove a further £100 from the amount Miss C owed it for the remaining premium. This brought the premium balance owed by Miss C to £759.52. Somerset Bridge also offered Miss C a payment plan to pay it off over a 10-month period.

Miss C didn't agree so her complaint was passed to me to decide.

I issued a provisional decision on 17 June, and I said the following:

Having done so, I'm upholding this complaint for additional reasons than those of the investigator. I'll now explain why.

I can see that Miss C mistakenly thought that because the accident wasn't her fault, she had no claim, and she didn't have to disclose the fact this accident occurred. That isn't right though. Because the accident occurred, Miss C's claim against the other driver remains an 'open claim' on her insurance record until it is all completed. Further, in that event, then it remains a 'non-fault claim' on her policy which continues to need to be disclosed to any motor insurer or motor insurance broker. When we have a motor policy and sadly are involved in an accident, even if we didn't cause the accident, any claim we might have for the damage to the car, or the fact the car might

be deemed a total loss, is 'a claim.' Until that claim is fully settled by the other driver's insurers it remains an 'open' claim on our policy, which might affect the amount of premium we are quoted. And until that claim is finalised by the other driver's insurers, it remains a potential claim against the insurers of Miss C's policy, which is a very important matter too. If for whatever reason, the other driver's insurer doesn't pay for Miss C's claim, then Miss C's insurers will have to pay her claim instead.

If Miss C's insurers doesn't have to pay Miss C or indeed the other driver any costs, then it will be recorded as a 'non-fault claim' on Miss C's insurance record. 'Non-fault' in insurance terms means, not that Miss C wasn't at fault for causing the accident, but that her insurer didn't have to pay anything to her or any other driver. So, in the very unlikely event here that Miss C's insurers had to pay her or the other driver, then in insurance terms this claim would be classed as a 'fault claim' on Miss C's insurance. Say for example, the accident Miss C was involved in concerned a hit and run driver. In that case Miss C wouldn't be able to find out who the other driver's insurers were, so she would have to make a claim for the damage to her car from her own insurers. In that case, even though Miss C didn't cause this accident, the hit and run driver did, because Miss C's own insurers paid her claim, then it would be recorded on Miss C's insurance record as a 'fault claim.' So, Miss C will still have to disclose she had the accident and made a claim to the other driver's insurers to any new motor insurer for as many years as any application for motor insurance asks her, that's usually about five years. So, it's not correct for Miss C to think or to say she never had a claim because she did for this accident.

Also, when a claim arises like in Miss C's case, the entire premium becomes payable if Miss C was paying it by instalments. This is because under insurance law, the motor policy insures Miss C's car, and any liability she might have to anyone else when driving her car. So that when an accident happens that's called 'an insured event.' Therefore, given the premium price for the motor policy is based on any 'insured events' happening, then the whole premium price is payable. So essentially Somerset Bridge didn't do anything wrong in asking Miss C to pay the remaining premium balance when she phoned up asking to cancel her policy.

However, it's a pity Somerset Bridge's operative at the time Miss C phoned in, didn't explain all this fully to Miss C like I have done here, or indeed have any coherent access to all the information concerning Miss C on its systems to advise of the accident and what this would then mean for Miss C.

Also, because the accident happened only a little time into Miss C's policy year, Somerset Bridge should have explained she could add her new car onto the policy but depending on the make and model of her car, plus the open claim still showing on her insurance record, it might mean the premium payable by her would have been more expensive. And if Miss C had insured her new car on her policy, she wouldn't have needed to cancel her policy and then need to pay the whole premium as Somerset Bridge then asked her to do.

None of this was explained to Miss C at all. The operative when she phoned in couldn't even access the amount of the remainder of premium still payable. I don't consider that was fair on Miss C. She is not an insurance expert and frankly it was for Somerset Bridge to explain all her options to her as her broker. Miss C repeatedly said she had never been in an accident before, which should have been taken into account by the operative when Miss C phoned it.

Therefore, I think it's right Somerset Bridge should pay Miss C compensation. I consider the amount of £200 suggested by the investigator and now agreed by Somerset Bridge to be in line with our approach as both being reasonable and fair.

I also consider it was right for Somerset Bridge to waive the £75 cancellation fee. I consider it was further reasonable that Somerset Bridge agreed to reduce the amount payable by Miss C by a further £100 making the total amount she should pay it to be £759.52. And it was reasonable to offer Miss C a payment plan for this revised total of what she now owes Somerset Bridge. I appreciate Miss C has already refused this, but she didn't know what my view was on this increased offer.

I consider that bearing in mind Somerset Bridge should have given Miss C coherent information about how her accident claim is dealt with from an insurance recording point of view; and should have been able to give her the total of the remaining premium amount she had to pay if she continued with cancelling her policy; this latest offer from Somerset Bridge goes a long way to compensating Miss C adequately for its mistakes. Therefore, I consider it's fair and reasonable and in line with our approach. Had Somerset Bridge not offered this level of what is essentially compensation, (albeit it reduces Miss C's debt to it) it would have been of the level I would have required it to do.

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.

As neither Miss C nor Somerset Bridge responded to my provisional decision. There is no reason for me to depart from the outcome and reasoning suggested in that provisional decision.

My final decision

So, for all these reasons, it's my final decision that I uphold Miss C's complaint.

I now require Somerset Bridge Insurance Services Limited trading as Go Skippy to do following:

- Reduce the amount Miss C needs to pay it given her cancellation of her policy for the remaining amount of her premium, by the £75 it initially waived, the agreed £200 compensation plus the further £100 it offered. This means the amount Miss C is now due to pay it is £759.52.
- It should also offer a reasonable repayment plan for Miss C to repay this amount as it suggested.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss C to accept or reject my decision before 24 July 2024.

Rona Doyle
Ombudsman