

The complaint

Miss B complains about how Hedgehog Limited, an insurance intermediary, handled her motor insurance policy.

What happened

In summary, in December 2023, Miss B searched for a motor insurance policy on an online comparison site and selected Hedgehog. Hedgehog is an insurance intermediary and was responsible for arranging and administering Miss B's policy.

Miss B completed an online application. She wanted cover to start on 26 December 2023. In the application form, Miss B gave her driving licence number and said she'd held her driving licence for 15 years. On 9 December 2023, Miss B completed the purchase of the policy.

After the purchase of the policy, Hedgehog's automatic licence checks failed, so it asked Miss B for a photograph of her driving licence and a code so it could complete verification checks with the DVLA. Miss B provided the information. Hedgehog noticed that Miss B had input her driving licence number incorrectly on the application form - one digit was wrong. Hedgehog's subsequent verification checks showed that Miss B had held her driving licence for 13 years, not 15 years.

On 11 December 2023, Hedgehog told Miss B it had updated the information about how long she'd held her driving licence and said there was a charge of £80.48. It directed Miss B to her online account in order to pay the charge. Miss B complained about the charge and said she didn't want the policy. She acknowledged she'd made a mistake but said she'd not had issues with previous insurers.

In response to Miss B's complaint, Hedgehog said that if Miss B had declared at the outset that she'd had a driving licence for 13 years, rather than 15 years, her premium would have been higher. On 14 December 2023, Hedgehog sent Miss B notice of cancellation, as she hadn't paid the outstanding amount. The notice said the policy would be cancelled on 21 December 2023 and the cancellation fee would be £50.

The policy was cancelled before inception. Hedgehog retained from Miss B's deposit a new business arrangement fee of £15 and a cancellation fee of £50.

Miss B complains that Hedgehog asked her for further information several times then asked her for an additional payment. Miss B thinks Hedgehog tried to bully her into paying an extra £80.48 by threatening to charge a cancellation fee. Miss B complains that Hedgehog retained £65 from the deposit she paid, which she doesn't think is fair.

One of our investigators looked at what had happened. She said that Hedgehog's responsibility was to ask Miss B questions so that it can provide a quote and assist in arranging cover. The investigator said Miss B gave Hedgehog incorrect information. She didn't think Hedgehog had acted unfairly in asking Miss B to pay an increased premium. The investigator said Hedgehog was entitled to charge a cancellation fee.

Miss B didn't agree with the investigator. She said she had nine years no claims discount. Miss B denied she'd provided incorrect details and maintained she'd been treated unfairly.

Miss B asked that someone else look at her complaint, so it was passed to me to decide.

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 law, regulation and good practice. Above all, I've considered what's fair and reasonable. I don't uphold Miss B's complaint and I'll explain why:

- As I've said above, Hedgehog is an insurance intermediary and was responsible for arranging and administering Miss B's policy. Miss B's policy was underwritten by an insurer. The insurer - not Hedgehog - sets the premium. Hedgehog sets its administrative charges.
- When Miss B completed the online application, one of the digits she gave for her driving licence was incorrect. That meant Hedgehog's automatic licence checks failed. I don't think it was unfair for Hedgehog to ask Miss B for a photograph of her driving licence and a code so that it could complete verification checks with the DVLA. Nor do I think that Hedgehog treated Miss B unfairly in saying it would charge a cancellation fee if Miss B didn't provide the information. That's because Hedgehog couldn't arrange Miss B's policy without the information.
- Hedgehog's subsequent DVLA check showed Miss B had given incorrect information about how long she'd had her driving licence. The new information meant that the insurer increased the premium. I don't think it was unfair for Hedgehog to relay to Miss B that there'd be an additional premium. Hedgehog has since explained that the charge of £80.48 was made up of an additional premium of £45.07, tax of £5.41 and a mid-term adjustment fee of £30. It says that the elements of the charge would have been shown in Miss B's online account.
- Miss B says she'd had no problems taking out insurance with previous insurers. That may be because she either provided correct information to those insurers or those insurers didn't carry out verification checks. In any event, I'm looking at what Hedgehog did in this case. Hedgehog was entitled to carry out verification checks and I don't think it acted unfairly in doing so.
- I don't think that it was unfair for Hedgehog to send Miss B a notice of cancellation. Miss B had previously told Hedgehog she didn't want the policy but subsequently said she thought a fair outcome was that it didn't charge any additional amount. So, Hedgehog didn't have unequivocal instructions from Miss B to cancel the policy. And as Miss B hadn't paid the outstanding amount, which included the insurer's additional premium, Hedgehog was entitled to send a notice of cancellation.
- Hedgehog is entitled to charge administration fees if they told Miss B about them before she agreed to buy the policy. And the administration fees must be proportionate to the service provided with no element of profit.

- Hedgehog has provided a screenshot of the information it provided to Miss B about charges before she bought the policy. The new business arrangement fee of £15 and the cancellation fee of £50 were brought to Miss B's attention before she bought the policy. We've asked Hedgehog about the level of the administration fees. Based on what I've seen, I'm satisfied that the fees Miss B was charged are proportionate to the service provided with no element of profit. So, I don't think that Hedgehog acted unfairly or unreasonably in retaining those amounts from the deposit Miss B paid.
- I'm sorry to disappoint Miss B but, for the reasons I've explained, I don't think Hedgehog acted unfairly or unreasonably.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 8 July 2024.

Louise Povey

Ombudsman