

## **The complaint**

Ms C complains Hastings Insurance Services Limited mis-sold her a motor insurance policy.

## **What happened**

In July 2023 Ms C contacted Hastings to take out a motor insurance policy. She added her son – who at the time was learning to drive - as a named driver.

When Ms C's son had passed his driving test, she contacted Hastings. She says she wanted to amend the policy to show her son as a qualified driver. Ms C says the underwriter said it wouldn't accept her son onto the policy as a qualified driver, so it cancelled her cover. Ms C complained to Hastings. She said it hadn't told her that her son would be declined cover if he passed his test, and had it done so, she wouldn't have taken out the policy.

Hastings accepted it hadn't explained that a newly qualified driver would be subject to underwriting checks, it paid £20 compensation to apologise for this error.

Unsatisfied with Hastings' response, Ms C brought her complaint to the Financial Ombudsman Service. Having done so, Hastings increased its offer to resolve the complaint. It said it would pay £100 compensation for the distress caused by not providing the full information to Ms C. It also said it would refund the £45 cancellation fee. But it said it wouldn't refund the cost of the insurance as the car had been on cover for Ms C for around four months before it was cancelled.

Ms C didn't accept that, so our Investigator reviewed the complaint. Having done so, she thought Hastings' offer was fair. She wasn't persuaded Ms C wouldn't have taken out the insurance, had Hastings given more information. She said Ms C had asked about cancelling the policy when her son passed his driving test, so she wasn't persuaded Hastings providing more information would have stopped her from taking out the policy.

Ms C didn't accept that. She said she wouldn't have taken out the insurance if her intention was to cancel it. She also said it was irrelevant whether she'd have still taken the insurance, because she wasn't given the full facts. Ms C asked for an ombudsman to review the matter and so it has come 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.

It's worth noting that as part of this complaint, I'm not considering the underwriter's decision to cancel the policy – if that is what it did. That complaint would need to be looked at against the underwriter, not Hastings. Hastings, as a broker, is regulated to sell insurance products. The sale of Ms C's insurance was done on a non-advised basis. That means Hastings didn't have to ensure the policy met Ms C's needs, but it did need to provide clear, fair and not misleading information to enable Ms C to decide whether the policy would be suitable.

I've listened to the call during which the insurance was taken out. Ms C called, having started a quote online, to enquire about adding her son as a named driver. The adviser altered a few aspects of the policy to try and get a lower price for Ms C. Having reached a price just under £1,000, Ms C agreed to go ahead with the quote. Ms C then asked if there

was a cancellation fee on the policy if her son wanted to take out insurance in his own name when he passed his driving test. Ms C was told correctly there was a cancellation fee of £45, and that she could cancel the policy, or she could keep her son on as a named driver and change his driving license.

Hastings accepts it should have explained that changing the driving license would be subject to an underwriting check. So it accepts it didn't give Ms C all of the information it should have done, for her to make an informed choice about whether the policy was suitable. But for this Service to require Hastings to reimburse the premiums Ms C paid, I'd need to be satisfied that she wouldn't have taken out the cover, had Hastings provided that information.

Like our Investigator, I'm not persuaded that Ms C wouldn't have gone ahead with the quote if Hastings shared this information with her. Ms C had already started a quote through Hastings to insure her car. And she said in the call that she might need to cancel the policy within the year so her son can sort out his own insurance once he'd passed his driving test. I'm not persuaded on that basis she'd have made a different decision if Hastings had said changing the license would be subject to the insurer agreeing to the risk. Because it seems Ms C was aware that the insurance may need to change once her son secured a full driving license. And I consider any change of risk would always be subject to an underwriting decision, whichever policy Ms C had taken out. So I'm not satisfied that by Hastings not providing more information, it caused Ms C to incur a loss she wouldn't otherwise have had.

Ms C says she wouldn't have taken out the policy if Hastings had told her that the insurer would cancel it, but I'm not persuaded Hastings knew the policy would, ultimately, be cancelled. Ms C didn't tell Hastings that the policy would transfer to her son during the policy term, it seemed she herself wasn't sure what would happen with the insurance, as it would depend on when her son passed his driving test. I don't think Hastings would have been aware, during that initial sales call, how the insurer would ultimately assess the risk, if and when Ms C amended the cover to show her son as a qualified driver. Or if she then wanted to change the policy into her son's name.

As set out above, it wasn't Hastings who cancelled the policy. And I don't have any information on the policy cancellation; only what Ms C has told us. For this Service to consider the cancellation, Ms C would need to complain to the insurer about its decision first.

However, Hastings accepts it could have given more information, and it's offered a total of £145 compensation to apologise for its error. Having considered everything, I'm satisfied that is fair and reasonable to account for Ms C's loss of expectation. So I'm not going to require it to make any further award.

### **My final decision**

My final decision is that Hastings Insurance Services Limited needs to pay a total of £145 to resolve this complaint, less any amount already paid.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms C to accept or reject my decision before 15 July 2024.

Hastings Insurance Services Limited must pay the compensation within 28 days of the date on which we tell it Ms C accepts my final decision. If it pays later than this it must also pay interest on the compensation from the deadline date for settlement to the date of payment at 8% a year simple.

If Hastings Insurance Services Limited considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Ms C how much it's taken off. It should also give Ms C a tax deduction certificate if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate.

Michelle Henderson  
**Ombudsman**