

The complaint

Miss L and her mother Ms C complain that Hastings Insurance Services Limited (“Hastings”) mishandled a motor insurance policy.

What happened

Ms C was born in the late 1950’s outside the UK. She became resident in the UK in the late 1970’s.

In late April 2022, Miss L was looking to buy a motor insurance policy. She wanted it to cover her as the policyholder and her mother Ms C and father as named drivers. She went online and gave information including that she and Ms C had each been resident in the UK since birth.

Miss L got a policy and paid about £513.00 in advance for the year from 1 May 2022. The policy was in the name of Hastings, an insurance intermediary. An associated insurance company was the underwriter of the policy. The policy was a telematics policy that required a device in the insured car.

In mid- May 2022, the insurance company found out the correct information about Ms C’s length of residency in the UK. It asked for an additional payment of about £100.00 in premium and charges.

On 22 May 2022, Miss L complained about the additional charges of about £100.00. She asked Hastings to cancel the policy and asked for a pro-rata refund.

Ms C and Miss L also expressed dissatisfaction with being unable to access policy documents online.

I will refer to the complaint about the additional charges of about £100.00 and about being unable to access policy documents online as “the first complaint”.

By a final response dated 24 May 2022, Hastings turned down the complaint about the additional charges of about £100.00. It confirmed cancellation and it set out the costs involved and the refund due as follows:

arrangement fee	£ 20.00
telematics device	£ 20.00
charge for time on cover	£ 28.54
cancellation fee	£ 45.00
subtotal	£113.54
less paid	£513.48
refund	£399.94

Miss L and Ms C brought the first complaint to us in early June 2022. We dealt with it as a complaint against the insurance company.

Miss L and Ms C also complained that Hastings hadn't refunded enough ("the second complaint").

On 10 October 2023, I made a final decision on the first complaint including the following:

"...the scope of my final decision is limited to the complaint insofar as it is about the additional premium of about £104.00 and about online access to the policy documents....

There is a period of 14 days from the provision of policy documents for a policyholder to cancel without a fee. So Miss L would've been in a better position if she'd checked the documents and corrected the error within that period.

I'm satisfied that [the insurance company] made the policy documents available to Miss L online on the day she took out the policy.

I accept that Ms C had some difficulty in accessing the documents online. I don't find that unfair as she wasn't the policyholder...

I'm satisfied that [the insurance company] applied its criteria correctly when it asked for the additional premium of about £104.00. I'm satisfied that [the insurance company] treated Miss L and Ms C in the same way as it would've treated any other consumers in their situation...

I don't find it fair and reasonable to direct [the insurance company] to do any more in response to this complaint about the provision of policy documents online and about the additional premium"

Miss L and Ms C didn't respond to that final decision.

Miss L and Ms C asked us to investigate the second complaint. At first, we dealt with it as a complaint against the insurance company.

Our investigator at first didn't recommend that the second complaint should be upheld. He thought that the charges were in line with the policy terms.

Miss L and Ms C provided further information about the charges.

Our investigator changed his view on the second complaint. He recommended that the complaint should be upheld in part. He thought that the insurance company had applied the arrangement fee, cancellation fee and charge for time on cover in line with the policy terms.

However, he thought that Miss L and Ms C had never made use of the telematics device and had no use for it, having cancelled the policy it pertained to. So the investigator didn't consider it fair or reasonable for the insurance company to retain the fee related to the device. He recommended that the insurance company should refund Miss L and Ms C the £20.00 charge for the telematics device.

Later, the investigator said that he was dealing with the second complaint and making his recommendation against Hastings.

Miss L and Ms C disagreed with the investigator's opinion. They asked for an ombudsman to review the complaint. They say, in summary, that:

- When they took out the policy, it was not clear that Hastings would retain the arrangement fee as well as the cancellation fee. Hastings should also refund the arrangement fee.
- Hastings failed to make the documents available for them to check. When they tried to access them, it said there was no live policy. They called a number of times over

this and Hastings accepted this after some time with the explanation that it was due to them using a different email address.

- So they didn't get the 14-day cooling off period.
- The additional charge of £100.00 for the error relating to a date of over 40 years earlier cannot in any way be justified.
- They should have been able to return the device immediately for refund.
- Hastings has put them to so much trouble having to pursue this.

Hastings accepted the investigator's second opinion.

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.

Consumer Insurance (Disclosure and Representations) Act 2012 ("CIDRA") imposes a duty on a consumer to avoid making a misrepresentation when taking out a policy.

When she took out the policy Miss L incorrectly said that Ms C had been resident in the UK since birth.

Miss L gave an email address that included the name of a male who shared her surname.

When she took out the policy Miss L paid the following:

insurance including IPT	£473.48
arrangement fee	£ 20.00
device fee	£ 20.00

The arrangement fee was a fee for arranging the policy. After Hastings had arranged the policy I accept that the arrangement fee was non-refundable.

Under the Financial Conduct Authority's rules, neither I nor any other ombudsman can re-open my earlier final decision that the insurance company made the policy documents available to Miss L online on the day she took out the policy. It follows that the 14-day cooling off period started no later than the policy start date of 1 May 2022.

I consider that the insurance company (rather than Hastings) proposed the additional premium. Hastings had to tell Miss L about it. I don't consider that Hastings did anything wrong in doing so on 17 May 2022. Miss L decided not to pay the additional premium or the Hastings charge for making the change. She preferred instead to cancel the policy.

I'm satisfied that, by the time that Miss L asked to cancel the policy, she knew that Hastings would charge a cancellation fee of £45.00. I consider that this was fair and in line with the policy terms.

The time on cover was about 3 weeks out of the expected 52 weeks. So £28.54 was a pro rata charge and I don't find that unfair.

In other circumstances, I would've found that the policy terms provided that the £20.00 fee for the telematics device was non-refundable. And I'm not persuaded that Hastings treated Miss L unfairly by declining (until recently) to refund the £20.00 fee for the device.

Nevertheless, the investigator recommended that Hastings should refund the £20.00 fee and Hastings agreed. So I find it fair and reasonable to hold Hastings to that and to direct it to refund the £20.00 fee.

I've thought about whether it would be fair and reasonable to direct Hastings to pay interest at our usual rate. However, I haven't been persuaded that Hastings treated Miss L unfairly by declining to refund the £20.00 fee for the device. And any interest would be a small amount. So I don't intend to direct Hastings to pay interest.

I accept that the proposed additional charge and the cancellation and their complaint caused Miss L and Ms C some trouble. However, I consider that this started with Miss L's mistake about Ms C's length of residence in the UK. So I don't find it fair and reasonable to direct Hastings to pay them any compensation for distress and inconvenience.

Putting things right

I find it fair and reasonable to direct Hastings to refund the £20.00 fee for the telematics device.

My final decision

For the reasons I've explained, my final decision is that I uphold this complaint in part. I direct Hastings Insurance Services Limited to refund Miss L, in addition to its previous refund, a further £20.00 for the telematics fee.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms C and Miss L to accept or reject my decision before 10 July 2024.

Christopher Gilbert

Ombudsman