

The complaint

Mr Y complains that Acorn Insurance & Financial Services Ltd trading as Haven Claims (Acorn) mishandled his request to suspend the motor insurance policy he'd arranged through them.

What happened

Mr Y bought a motor insurance policy through Acorn in March 2023. He had a finance agreement with a third-party finance provider to pay for his policy by monthly direct debit. In July 2023 he asked Acorn to suspend his policy. Acorn suspended his policy for 60 days and said Mr Y would need to reactivate it within that time period if he wanted to continue with the policy. Mr Y asked if he should cancel the direct debit payment that was due in a few days' time, and he was told he should.

About a week later, the finance provider told Mr Y it hadn't received the direct debit payment that was due and his policy would be cancelled unless he paid within 14 days. Mr Y contacted Acorn who reassured him that his policy was suspended and wouldn't be cancelled. But Mr Y continued to receive emails from the finance company and he complained about the confusing messages he was receiving. Acorn subsequently cancelled Mr Y's policy because he hadn't reactivated it within 60 days. It said he owed £173.98, which was the balance between what he owed the finance company, the amount refunded by the insurer, and Acorn's cancellation fee of £100.

Acorn upheld Mr Y's complaint. It confirmed it hadn't followed the correct process when he'd asked it to suspend his policy. As there was a payment due, its agent should have told him he'd need to wait for that payment to clear and then call back to ask for the policy to be suspended. It said Mr Y would then not have received the emails from the finance provider saying his policy would be cancelled unless he paid what was due within 14 days. It said it would pay Mr Y £75 as compensation for the inconvenience caused.

Mr Y wasn't happy with this outcome and so approached this service. He added that he'd bought a new car in September 2023 but hadn't been able to insure it because Acorn had refused to provide confirmation of his no claims discount until he'd paid the outstanding amount on his account. He said he felt he was held at ransom and had no choice but to pay the £173.98. He also said he hadn't received the £75 Acorn had offered. Acorn subsequently apologised for not paying that amount and decided to increase its offer of compensation to £225. It also said it would waive the £173.98 and provide a refund to Mr Y for that amount.

Our investigator was satisfied that Mr Y's policy had been cancelled correctly. That was because he hadn't reactivated the policy within 60 days, not because of any non-payment of the premium. She also thought it was reasonable for Acorn to withhold his no claims discount and noted there were no delays in providing that once Mr Y had paid the outstanding amount due. Acorn had admitted it hadn't handled the suspension correctly, but she thought its offer of redress was reasonable in the circumstances.

As Mr Y remained unhappy, his complaint has been passed to me for a final decision.

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.

Having done so, I too am satisfied that Acorn has done enough to put things right for Mr Y. I know this will come as a disappointment to him so let me explain.

Acorn accept it made a mistake when it suspended Mr Y's policy incorrectly. It should have told him to wait for the payment due that month to be paid and asked him to call back once that payment had cleared. Instead, it said Mr Y should cancel that payment and that led to the finance company sending emails to him warning him that it would cancel his policy if the payment wasn't made. Acorn did try to reassure Mr Y that his policy wouldn't be cancelled due to the non-payment of that direct debit, but he says this was only confirmed verbally and not in writing. So, I can understand his confusion about the conflicting information he was getting and the concern that his policy would be cancelled if he didn't pay.

Acorn cancelled Mr Y's policy because he didn't reactivate it within the 60-day deadline it had given him. That was in line with what it told Mr Y when he asked for his policy to be suspended - that if he wanted to reactivate his policy, he would need to do so within 60 days of suspension. And, if he didn't, he would need to set up a new policy. In the circumstances, I think it was fair for Acorn to cancel the policy at that time. I can see why the confusion over the suspension might have impacted his decision not to reactivate the policy. But I note that Mr Y didn't buy his new car until a few weeks after the cancellation, so I think it's reasonable to assume he wouldn't have reactivated his policy within 60 working days even without the confusion over whether his policy was cancelled or suspended.

Mr Y also felt as though he was held at ransom by Acorn when they refused to provide him with confirmation of his no claims discount until he'd paid the £173.98 he owed. Acorn pointed out that Mr Y's policy says that it reserves the right to withhold proof of his no claims discount where there is an outstanding payment due. So, I think it was fair for Acorn to do that in these circumstances. I also note that it provided that proof as soon as Mr Y made the payment.

Putting things right

There's no doubt the mistake Acorn made when suspending Mr Y's policy caused him a lot of confusion, trouble and upset. Mr Y had to call Acorn a few times to clarify what was happening and he was left confused when it said his policy wasn't cancelled only to try to make amendments online and find out that he couldn't do that because it said his policy had been cancelled.

So, I think it's right Acorn do something to put things right. It's offered to refund the balance of £173.98 Mr Y owed on his account. Plus a further compensation payment of £225. That makes a total of £398.98. I can understand Mr Y's strength of feeling on this matter but I think the total amount offered by Acorn is a fair and reasonable way of putting things right for the impact caused by its poor service.

My final decision

In light of my findings above, my final decision is that Acorn Insurance & Financial Services Ltd trading as Haven Claims should do the following:

- refund to Mr Y the amount of £173.98 he paid to settle his account; and
- pay Mr Y £225 for the distress and inconvenience caused by its poor service.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr Y to accept or reject my decision before 18 July 2024.

Richard Walker
Ombudsman