

The complaint

Mr R is unhappy with how U K Insurance Limited trading as Darwin (Darwin) handled his account after he cancelled his motor insurance policy.

What happened

Mr R renewed his motor insurance policy with Darwin in August 2023. In February 2024, for financial reasons, he changed the vehicle on the policy which meant his monthly premiums were more affordable. A return premium of £103.45 was also credited to the account. Soon after, he received correspondence from the finance provider which said as he had missed payments previously, his monthly premiums would increase to account for it. This meant the premiums were no longer affordable for Mr R so when informed of this he cancelled the policy. But Mr R says he wasn't aware of this at the time he changed the vehicle. Darwin assisted Mr R with the cancellation and waived charges in light of the situation.

Following the cancellation, Darwin told Mr R he still owed them money for time he was on cover. They confirmed the outstanding balance was £161.20 but had given conflicting amounts of £186.20 and £322.40 prior. Mr R contacted the finance provider who told him he didn't have anything outstanding with them and any money owed would be charged by Darwin. Unhappy with this and the way the issue was handled Mr R made a complaint to Darwin.

In their final response Darwin outlined the payments Mr R had made and waived an administration fee of £25 as a gesture of goodwill. They explained the time on cover charge was £464.52 and as Mr R had paid them £303.32 this left £161.20 outstanding.

Remaining unhappy with this Mr R referred his concerns to this service. Our investigator didn't uphold the complaint as she didn't feel Darwin had done anything wrong. As a resolution couldn't be reached it was passed to me. I asked for further information from Darwin as I couldn't see the account breakdown to verify what Mr R owed. And having received that I had further questions as I couldn't see the return of premium credit had been taken into account or why it hadn't. I outlined what I thought Mr R owed based on the time on cover charge and deducting what he had paid as well as the return premium this totalled £57.77. And in light of this I asked for evidence to support why Darwin felt £161.20 was still owed and if they could provide a breakdown of the time on cover charge.

Darwin didn't provide any new information or clarification of the time on cover other than explaining what it meant. As I have already provided my thoughts and reasoning on this to both parties and provided an opportunity for them both to comment or provide further information, I have now proceeded to issue my 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.

Darwin has a responsibility to communicate in a way that is clear, fair and not misleading. I can see that they have treated Mr R sympathetically and have waived charges and fees on the account. However, I don't think they have been clear with Mr R about what he owes following the cancellation. He had been told by Darwin he owed three different amounts and was also told by the finance provider that he didn't owe them anything so I can understand why he was confused.

Having reviewed the statement of account I can clearly see the payments Mr R has made and I'm satisfied this amounts to £303.32. I haven't received the time on cover breakdown despite requesting it. But if I take the £464.52 that Darwin have now confirmed is outstanding and deduct what Mr R has paid that does total £161.20 that Darwin says he owes. However, I can't see how the credits to the account after Mr R changed his vehicle have been taken into account. I don't have the breakdown of time on cover and the account summary starts with the full premium owed. It shows the payments he has made as well as credits for the refund of premiums. And details the cancellation amount, which differs to the time on cover charge, so I can't be sure what Mr R is being charged is fair.

So based on what I've seen and in the absence of any new information from Darwin, I'm not persuaded that Mr R owes £161.20. I think it's more likely £57.77 as this takes account of all credits to the account including the £303.32 Mr R had paid as well as the return of premium of £103.43. Having put this to Darwin I've not received an explanation as to why that shouldn't be factored in. It therefore follows that I'm not persuaded Mr R owes £161.20 but for the reasons explained owes £57.77.

Whilst Darwin have treated Mr R sympathetically, the issue has caused him distress. It hasn't been easy for me to understand what is owed and why and considering he cancelled due to financial hardship, not having clarity on what is owed and why has added to this. I can also see how having conflicting amounts provided has further impacted the concern. With this in mind, I think Darwin should pay Mr R £50 for the distress and inconvenience caused.

My final decision

My final decision is that I uphold this complaint. To put things right U K Insurance Limited trading as Darwin should:

- Amend the outstanding amount owed for time on cover to £57.77.
- Continue to treat Mr R sympathetically in collecting this payment and arrange a payment plan if necessary.
- Pay Mr R £50 for the distress and inconvenience caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 5 November 2024.

Karin Hutchinson
Ombudsman