

The complaint

Mr C complains that One Call Insurance Services Limited gave him incorrect information about cancelling a motor insurance policy following a claim.

What happened

The subject matter of the claim and the complaint is a car made by a premium-brand car maker and first registered in 2021.

Mr C acquired the vehicle in 2023. In late July 2023, Mr C took out a policy for the year from early August 2023. The total cost was about £1,500.00.

Mr C said he had an international driving licence. One Call acted as an intermediary or broker between Mr C and an insurance company.

Unfortunately, Mr C reported that in mid-September 2023, his vehicle and a third party's had been involved in an incident. Mr C told the insurance company that he had a full UK driving licence.

By a letter dated 21 September 2023, One Call gave Mr C seven days' notice of cancellation of the policy on behalf of the insurance company.

On about 28 September 2023, Mr C had live chats with One Call. One Call told Mr C that the insurance company asked him to update information about his driving licence and to pay an extra £1,687.80 to keep the policy, otherwise it would be cancelled. Mr C mentioned the claim. However One Call incorrectly told him that, if he cancelled the policy, he would receive a refund of about £1,100.00.

Mr C cancelled the policy. On about 2 October 2023, he got the refund of about £1,100.00.

On about 31 October 2023, One Call reclaimed the refund. Mr C complained to the insurance company and to One Call.

By a final response dated early January 2024, One Call apologised and said it was sending Mr C £100.00 compensation.

By a final response dated late January 2024, the insurance company redirected the complaint to One Call.

Mr C asked us to investigate.

our investigator's opinions

In late April 2024, our investigator didn't recommend that the complaint against the insurance company should be upheld.

Also in late April 2024, our investigator didn't recommend that the complaint against One Call should be upheld. She thought that £100.00 was fair and in line with what she'd ask One Call to do, had they not already offered it.

Mr C hasn't pursued the complaint against the insurance company.

He provided further information about the complaint against One Call. Mr C showed us that he took out a replacement policy for the car for the year from late September 2023.

Our investigator changed her opinion. The investigator recommended that the complaint should be upheld in part. The investigator said that the incorrect information led Mr C to cancel his policy and take out a new, more expensive one. Mr C had shown us that he'd paid £2,265.90 for a new policy with another insurer.

The investigator recommended that One Call should pay Mr C the difference (£578.10) between his new premium cost and what it would have cost him to keep the existing policy with One Call.

One Call disagreed with the investigator's opinion. It asked for an ombudsman to review the complaint.

my provisional decision

After considering all the evidence, I issued a provisional decision on this complaint to Mr C and to One Call on 21 August 2024. I summarise my findings:

I didn't consider that One Call did enough to clarify that Mr C wouldn't get a refund because his claim was proceeding.

I wasn't persuaded that One Call caused Mr C any financial loss.

Subject to any further information either from Mr C or from One Call, my provisional decision was that I upheld this complaint in part. I intended to direct One Call Insurance Services Limited to pay Mr C, in addition to its payment of £100.00, a further £100.00 for distress and inconvenience.

Mr C responded to the provisional decision, in summary, as follows:

- He moved to the UK in July 2023.
- His international driving licence was still valid until the middle of 2024. One Call Insurance just uses the licence update to cover back the cost for his accident claim.
- The letter dated 21 September 2023 reached him on 28 September 2023, the deadline date.
- In the first live chat, he mentioned that he had a claim in progress, and the representative still told him the refund arrangement and the calculation.
- In the second live chat, he mentioned that he had a claim in progress, and the representative told him he was entitled to the refund.
- The email dated 2 January 2024 was 2 months after his complaint date.

- This case has been annoying him for a very long time.

One Call hasn't responded to the provisional 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.

The policy Mr C took out through One Call covered him, but not his wife, to drive the car for the year from 3 August 2023.

Most motor insurance policies provide that, if there is a claim followed by a cancellation, then the insurer won't make any refund of premium for the period after the cancellation but before the policy would otherwise have expired. The insurance company's policy for Mr C contained such a term.

From early August 2023, Mr C had the benefit of the policy. That included the benefit of being able to make a claim when he needed to in mid-September 2023.

If Mr C had paid the extra £1,687.80, then the policy would've continued until early August 2024.

The first live chat on 28 September included the following from One Call:

"To cancel the policy 28/9/23 there will be a refund due of £1104.96, this includes the cancellation fee of £55.99. A full breakdown of the cancellation will be sent to you in the post. Please be aware that this figure is subject to no claims being made prior to the cancellation of the policy"

So One Call said that the figure of about £1,100.00 was subject to there being no claims prior to the cancellation. And Mr C didn't remind One Call that he already had a claim.

However, the second live chat on the same day included both One Call's confirmation of a refund and its confirmation that the claim would still proceed. So I don't consider that One Call did enough to clarify that Mr C wouldn't get a refund because his claim was proceeding.

Nevertheless, at the end of the second chat, Mr C told One Call that he'd got a quote for about £1,700.00 for a replacement policy to cover him and his wife. So Mr C was cancelling with One Call after it said that he would get a refund of about £1,100.00 but also after he said the replacement policy would cost about £1,700.00.

Something must've happened to increase the cost of the replacement policy to £2,265.90. That was to cover Mr C and his wife for the year from 29 September 2023 to 28 September 2024.

Compared with the extra £1,687.80 he would've had to pay One Call, Mr C agreed to pay £2,265.90 or £578.10 more for the replacement policy. However, that's not comparing like with like.

I say that because One Call asked for the extra £1,687.80 to cover Mr C for the period of about ten months to 3 August 2024, whereas the replacement policy cost £2,265.90 to cover Mr C and his wife for the year to 28 September 2024. So I'm not minded to agree with the investigator that it would be fair to direct One Call to pay Mr C the difference of £578.10.

I'm not persuaded that One Call was responsible for whatever it was that happened to increase the cost of the replacement policy to £2,265.90.

Looking at the figure of £2,265.90 for 12 months' cover, the cost per month was about £188.82, so the cost for 10 months' cover was about £1,888.00 which is not much more than the extra £1,687.80 Mr C would've had to pay to One Call for a policy that didn't cover his wife.

Mr C's response to the provisional decision

Mr C says that he moved to the UK in July 2023. I accept that and I've kept in mind that he wasn't familiar with motor insurance in the UK.

Mr C says that his international driving licence was still valid and One Call used the licence update to cover the cost for his accident claim. However, I haven't seen enough evidence to show that Mr C included that point in his complaint to One Call that led to its final response. So, under the Financial Conduct Authority's rules, I can't include that point in this final decision.

Mr C says that the letter dated 21 September 2023 reached him on 28 September 2023, the deadline date. However, I haven't seen enough evidence to show that Mr C included that point in his complaint to One Call that led to its final response. So, under the Financial Conduct Authority's rules, I can't include that point in this final decision.

Mr C refers to the live chats. They are the central part of his complaint and I have read them carefully. I've said that I don't consider that One Call did enough to clarify that Mr C wouldn't get a refund because his claim was proceeding.

Mr C says that the email dated 2 January 2024 was 2 months after his complaint date. Mr C couldn't have included that point in his complaint to One Call that led to its final response. So, under the Financial Conduct Authority's rules, I can't include that point in this final decision.

Mr C says that this case has been annoying him for a very long time. I accept that it has been annoying him since about 28 September 2023. However, I've taken that into account in my assessment of compensation for distress and inconvenience.

Mr C hasn't provided any further information about the replacement policy. So I see no reason to change my view about that.

Putting things right

Keeping in mind that the replacement policy also covered Mr C's wife, I'm not persuaded that One Call caused Mr C any financial loss.

So I'm not minded to find it fair and reasonable to direct One Call to pay him compensation for any such loss.

Nevertheless, I've thought about the non-financial loss that One Call caused Mr C by incorrectly raising his expectations and paying a refund, only to take it back. I can see why Mr C says that One Call should pay about £1,100.00. Also I can see why One Call thought that it should pay only £100.00.

Having weighed up the non-financial impact on Mr C, I conclude that it would be fair and reasonable to direct One Call to pay Mr C, in addition to its payment of £100.00, a further £100.00 for distress and inconvenience.

My final decision

For the reasons I've explained, my final decision is that I uphold this complaint in part. I direct One Call Insurance Services Limited to pay Mr C, in addition to its payment of £100.00, a further £100.00 for distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 4 October 2024.

Christopher Gilbert

Ombudsman