

The complaint

Mrs B complains that Inter Partner Assistance SA ("IPA") mistakenly cancelled her breakdown policy and won't reinstate it.

What happened

Mrs B held a monthly breakdown policy with IPA. She contacted IPA on 25 January 2024 to update her vehicle registration and her bank details. When the next payment became due on 29 January 2024, the payment was unsuccessful.

IPA told Mrs B that there must have been an error at her end as it had input the correct bank details for her. It said correspondence had been sent to Mrs B asking for the payment to be made, but when this wasn't done, the policy was cancelled on 22 February 2024.

Mrs B complained. She said that she had phoned up after receiving the letter and she had been told that the direct debit had been set up incorrectly either due to human error or a computer error. She was told that IPA couldn't reinstate the policy or give her an alternative product as it wasn't sold anymore.

Mrs B said she had held the product for around 15 years and received an employee discount, so the price had been £6.48 per month. After complaining, Mrs B was told the error must have been at her end, due to insufficient funds. Mrs B disputed this and said there were sufficient funds in her account, so she referred her complaint to this service.

Our Investigator considered it and thought it should be upheld. He recommended IPA reinstate Mrs B's previous policy, but IPA said it wouldn't be able to do this. It said it no longer sold the product, but offered to reimburse Mrs B for the cost of one year's breakdown cover, if she decided to purchase a policy elsewhere.

Our Investigator didn't think this was fair, and Mrs B agreed. She said she would've still had her discounted policy if IPA hadn't cancelled it in error. Because an agreement couldn't be reached, the complaint 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.

Having done so, I'm upholding this complaint. I'll explain why.

IPA says the error was not their fault and that there must have been a problem with Mrs B's bank or the funds available. But when it wrote to Mrs B on 29 January to let her know the payment had failed, it didn't advise her of the possible consequences of the missed payment, such as the policy being cancelled.

I consider this unfair – as Mrs B wasn't adequately warned that her policy would be cancelled, which should've been done three times but wasn't. I can only see that an initial notification of the missed payment was sent on 29 January (without a warning) and a

cancellation notification was sent on 22 February. Where a mistake has been made, the consumer should be put back in the position they would've been in had the error not occurred. In this case, that would mean Mrs B would have her previous breakdown policy.

IPA says it is phasing out the monthly breakdown policies, and that one can no longer be provided to Mrs B. But had the cancellation not occurred, Mrs B would still have valid breakdown cover, unless and until informed otherwise by IPA. IPA will therefore need to reinstate cover on the same terms and for the same price, or provide an alternative on the same terms (or better) at the same price, for as long as Mrs B would've had her policy – which she says would've been for the foreseeable future.

If these breakdown policies were to be phased out at some point in the future, then IPA will need to provide Mrs B with evidence of that, such as letters which have been sent to all breakdown cover customers to notify them of this change. Until IPA is able to provide that directly to Mrs B, it will need to continue to cover her vehicles for breakdown in line with her previous policy.

I've considered the impact this mistake had on Mrs B. She's told us she was caused stress by not having a breakdown policy in place because she often uses her vehicles to drive her children or her clients around. And that due to the cost of living she can't afford to have a different policy. So I think Mrs B has been caused distress and inconvenience for which she should be compensated. And considering the likely impact on Mrs B, as well as the time and effort it took Mrs B to try to sort things out, I consider £100 to be a fair and reasonable amount of compensation in this case.

Putting things right

Inter Partner Assistance SA must now reinstate Mrs B's policy on the same terms and for the same price. In the alternative it must offer Mrs B a new policy on similar or better terms, for the same duration as her previous cancelled policy would've continued for, had it not been cancelled – and for the same reduced price as her previous policy.

Inter Partner Assistance SA must also pay Mrs B £100 compensation for the distress and inconvenience caused by cancelling her policy early.

My final decision

My final decision is that I uphold this complaint and I direct Inter Partner Assistance SA to put things right as I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 28 October 2024.

Ifrah Malik
Ombudsman