

The complaint

A company, which I'll refer to as B, complains that One Call Insurance Services Limited (One Call) incorrectly took money following a claim which resulted in the cancellation of its commercial motor insurance policy.

What happened

In July 2022, B took out a commercial motor insurance policy online. The policy was arranged and administered by One Call. In July 2023, B's policy renewed. Shortly after the renewal of its policy, B made a claim for damage to its vehicle.

The claim was accepted by the insurer and B's vehicle was deemed a total loss. B said that following its claim, it was led to believe that its insurance contract no longer existed. As B no longer had a vehicle to insure, after a couple more direct debit payments were made, B cancelled the direct debit for the policy premiums.

One Call said, following the total loss claim against B's policy, they contacted B several times to find out if B wanted to add a new vehicle onto the policy or cancel it. However, One Call didn't hear back from B.

One Call then received notification from their bank that B had cancelled its direct debit mandate. One Call followed this up with a seven-day cancellation notice to B and asked it to get in touch before the notice expires to avoid cancellation charges being applied. One Call said they sent this notice to B several times over the seven-day period via letter, email and text message, but they didn't hear back from B.

One Call subsequently debited £854 from B's account for the cancellation of the policy, but this was returned to B after it raised a chargeback with its bank. But the chargeback decision wasn't upheld by the bank, which resulted in the reversal of the returned charges.

One Call said that in line with the insurer's advice, and their Terms of Business Agreement (TOBA) with B, the premium for the policy was due in full on the basis that there was an outstanding fault claim. One Call were later informed by the insurer that the claim was closed as non-fault and so the cancellation charges were recalculated based on time on cover. The cancellation charge also included broker chargers, as well as any value-added products (policy enhancements) purchased during the policy.

As the insurer decided to charge for time on cover only, instead of the full policy premium, this resulted in an overpayment of £564.18 which was refunded to B.

One Call maintained that the charges were applied in line with the cancellation terms set out within their TOBA, and that they had notified B of the cancellation costs.

B also complained the payment was taken by One Call without authorisation. B said this resulted in its account becoming overdrawn, which impacted its business activities. One Call said the Continuous Payment Authority set out in their terms, allows them to take the payment following a cancellation of the policy.

Our Investigator looked into things but didn't think B's complaint should be upheld. He thought One Call had acted fairly and reasonably when debiting the outstanding charges.

B didn't agree with our Investigator, so the matter has been passed 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 not upholding B's complaint. I will explain why.

Both parties have provided detailed submissions to support their position. I want to assure them I've read and carefully considered everything they've said, but I won't comment on it all.

Firstly, I should explain I'm only considering within this decision the actions of One Call as the seller and administrator of the policy. I won't be considering whether the cancellation of the policy was unfair – since the cancellation was authorised by the underwriter who are a different business. If B wishes to complain about the cancellation, it will need to make a separate complaint to the policy underwriter.

B is unhappy that One Call collected a payment after the policy was cancelled. I've looked at how the premium was paid and note that B was paying it monthly by direct debit.

One Call said in its final response that the automatic payments were agreed to before purchasing the policy through a Continuous Payment Authority which was set out in the TOBA. Given that B was making payments monthly, I find it likely B would have needed to agree to this payment term when it took the policy out. So, I don't think One Call collected a payment without having the authorisation to do so.

I've considered the charges which were applied after the policy was cancelled. B was charged a total sum of £565.22 after the cancellation, broken down into the following:

| | |
|------------------------|---------|
| Costs for days insured | £372.83 |
| Broker fees | £78.00 |
| Cancellation Fee | £55.99 |
| Policy enhancements | £58.40 |

One Call has explained that the costs for days insured charge of £372.83 and policy enhancements fee of £58.40 were from the underwriter. Since those two charges were from a different business, I can't consider them here. If B thinks those two charges were unfair, it will need to make a separate complaint to the policy underwriter about them.

That leaves only the broker fees and cancellation fee as charges applied by One Call I can consider here. I don't think One Call did anything wrong – they sent several notifications to B about the options available following its total loss claim. B has provided some of these letters, so I'm satisfied that they were received by B. I've not seen any evidence that B contacted One Call to discuss the next steps. Instead, B proceeded to cancel its direct debit payments for the policy. So I don't think it was unreasonable for One Call to collect the broker fees and cancellation fee after the policy was authorised to be cancelled since One Call had provided those services and hadn't incorrectly administered the policy.

In their final response, One Call offered to reimburse B the £55.99 cancellation fee, which I

think was more than fair. As such, I don't find that One Call needs to do anything more than this.

Ultimately, B chose to stop the direct debit payments following its total loss claim. I'm satisfied One Call sent B several letters asking whether it wanted to add a new vehicle to the cover or cancel it. B was clear in its intentions that it wanted to cancel the policy however it didn't inform One Call. In taking out the policy, B agreed to be bound by the policy terms – including the amount it was charged. And One Call has charged what the insurer said it was liable for under the terms of the policy in addition to its contractually set out fees. So, I can't say One Call has acted in an unfair way in the way they've administered B's policy.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask B to accept or reject my decision before 25 April 2025.

Ankita Patel
Ombudsman