

The complaint

Mr B and Ms S complain about how Hastings Insurance Services Limited trading as Hastings Direct dealt with their car insurance renewal.

What happened

Mr B's car insurance renewed at the end of September 2023. Around the same time, Mr B added Ms S, a relative, as a named driver.

Mr B made a payment for the policy over the phone. But Hastings wrote to Mr B soon after to say the payment had been missed. It warned that it would cancel the policy if the payment wasn't made. Mr B could see that the money had left his account. But Hastings went on to cancel the policy.

Hastings reinstated the policy three days later. However, by that time, Mr B had taken out insurance elsewhere. He told Hastings that he didn't want to keep his policy with them, so Hastings cancelled it. Hastings also ended up taking payment out of Ms S's account. Mr B says this caused Ms S a lot of distress, and she had to spend a long time sorting it out.

Mr B complained to Hastings. He was unhappy that it had cancelled his policy, even though he'd paid, and that it did so without talking to him. He was working abroad at the time so he was worried that his car might be spotted by the police and towed away. He was also unhappy that Hastings had reinstated the policy after he'd taken out cover elsewhere, and again had done so without talking to him. He felt Hastings had "bombarded" him with emails and hadn't apologised or acknowledged what had happened. Finally, he said Hastings had unfairly taken money out of Ms S's account.

Hastings sent its complaint response to Ms S. It apologised for what had happened and admitted that it had cancelled Mr B's policy in error. It said it had refunded the money. But, when the policy was reinstated, it said the bank had rejected the payment, so Hastings had given a double refund. It asked Ms S to call to resolve this. It also paid her £125 to try to put things right.

Mr B had already referred his complaint to the Financial Ombudsman.

I reviewed the complaint and issued a provisional decision. In it, I said:

"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 intending to uphold the complaint and award more compensation than our investigator recommended. I'll explain my reasons, focusing on the points and evidence I consider material to my decision.

Mr B and Ms S have explained in detail the poor service they've received from Hastings due to its administrative errors. Hastings has admitted that it misapplied Mr B's payment, and I can see this caused a cascade of problems and confusion that

affected Mr B and Ms S. I won't detail everything here. Instead, what I think is important is whether Hastings has done enough to put things right. So, I've focused on how I think the complaint should be resolved.

Hastings paid Ms S £125 of compensation. Our investigator recommended Hastings pay £250 in total – meaning Hastings should pay a further £125 to Mr B.

I think the £125 that Hastings has paid to Ms S fairly recognises the impact the matter has had on her. Mr B asked Ms S for help when his policy was cancelled, which would have been inconvenient. And I can see she's had to deal with a lot of correspondence from Hastings about the cancellation and the complaint. She's also had to deal with the acute stress of Hastings taking a large amount of money from her account. And I understand she spent a long time on the phone with Hastings sorting this out. I imagine this all would have been difficult and frustrating. But, £125 is in line with what I would have awarded to her. It also falls in line with examples of similar cases in our published guidance on compensation.

However, I think it's fair to say that the matter has had the greatest impact on Mr B. As the policyholder and owner of the vehicle, he was responsible for the consequences of the cancelled policy. Mr B has explained how distressed he was after Hastings said his payment hadn't gone through, but he could see it had left his account. Then, he had to deal with the acute stress of the policy cancellation, concern over his vehicle being uninsured and possibly towed, the hassle of having to take out new insurance, and the further confusion when the policy was reinstated. I think the volume of contradictory emails Hastings sent to Mr B, about the cancellation, payment schedules, refunds, and money owed, would have added further to the distress.

Mr B says he was working abroad at the time. He's explained how this affected his mental health and wellbeing, including several sleepless nights for which he had to purchase medication to help him. I appreciate Hastings has said the policy was only cancelled for three days. But I don't think this fairly captures the extent of what went wrong, and the impact it had.

Hastings also hasn't shown that it spoke to Mr B to try to resolve the matter. All the correspondence relating to the complaint has been addressed to Ms S, even though I can see Mr B asked Hastings to call him in early October. I think much of this could have been avoided if Hastings had contacted Mr B to explain what had happened and how things would be sorted out.

I've weighed this carefully, and I think a fair way to resolve the complaint is for Hastings to pay Mr B £250 of compensation. I've noted Mr B's comments that £250 feels low to him, and I think it's important I recognise how strongly he feels about what's happened. I appreciate he may be disappointed. But I've considered what's gone wrong and the effect it's had on him, along with our published guidance for compensation, and I'm satisfied £250 is a fair amount to award to him. So that is what I intend to tell Hastings to pay.

For the avoidance of doubt, Hastings has already paid Ms S £125, which I think is fair. But I think Hastings should pay Mr B £250, separately, in recognition of the impact the dispute has had on him. Hastings has also agreed to provide a letter of apology, and I think that's reasonable."

Responses to my provisional decision

Hastings did not respond to my provisional decision.

Mr B said that he would accept a full, detailed apology setting out how this happened, Hastings' treatment of him, his worry over having no insurance, and how difficult he found Hastings to contact. He said he was reasonably happy with the compensation I intended to award, but he didn't want Hastings to make these mistakes again.

As the deadline for responses has now passed, I think it's appropriate 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.

I understand why Mr B would like a full explanation of what's happened. He's been put to a lot of trouble by Hastings. But I won't be ordering Hastings to provide a breakdown to him. I said in my provisional decision that Hastings has explained that it misapplied Mr B's payment, which caused the problems that followed. I don't think Hastings needs to provide a further explanation. I think an apology is enough in the circumstances.

I also recognise that Mr B would like to prevent these sorts of things from happening again. While I understand why he feels that way, the role of this service is to resolve individual complaints and to provide appropriate redress. We are not the regulator. We do not have the power to make rules for financial firms. So, I can't order Hastings to change its processes.

Even so, I'm satisfied that the compensation I'm awarding to Mr B, together with the compensation Hastings has already paid to Ms S, represents a fair and reasonable way to resolve the complaint.

For these reasons, together with the reasons I set out in my provisional decision (which I've reproduced here and which forms part of this final decision) I uphold the complaint. I've set out below how the matter should be sorted out.

Putting things right

To resolve this complaint, Hastings must:

- Pay Mr B £250 in compensation for distress and inconvenience. This is separate from the £125 Hastings has paid to Ms S.
- Provide a letter of apology to Mr B and Ms S.

My final decision

For the reasons I've given, I uphold Mr B and Ms S's complaint about Hastings Insurance Services Limited trading as Hastings Direct and order it to do as I've set out above.

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

Chris Woolaway
Ombudsman