

The complaint

Mr S complains about a cancellation fee and the lack of information provided by Collingwood Insurance Services (U.K.) Limited (“Collingwood”) in relation to his motor insurance policy.

Mr S is represented by Miss A. I will refer to Mr S in my decision for ease.

What happened

In January 2024 Mr S obtained a learner driver insurance policy. Collingwood acted as his broker. Mr S has a separate complaint about his insurer. I’m not considering that here. My focus is on Collingwood’s actions as Mr S’s insurance broker.

On 21 February 2024 Mr S called Collingwood to let it know he’d passed his driving test. This meant the policy would now be cancelled. He was told there was an outstanding balance of £129 to pay. Mr S didn’t think this was fair and complained.

In its final complaint response Collingwood confirmed that £40 of the outstanding balance related to its cancellation processing fee. Collingwood says its online process required him to read its terms of business agreement (TOBA) before agreeing to the policy. It says this fee was made clear in the documentation made available online.

Mr S didn’t think he’d been treated fairly and referred the matter to our service. Our investigator didn’t uphold his complaint. She says Collingwood had shown the online process Mr S followed confirmed the cancellation charges upfront. She didn’t think this charge was unfair. She says that if Mr S wasn’t able to access the policy documentation she’d expect him to contact Collingwood. But there was no evidence to show he had. Because of this, our investigator didn’t think the business had done anything wrong.

Mr S wasn’t satisfied with our investigator’s findings and asked for an ombudsman to consider his complaint.

It 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 Mr S’s complaint. Let me explain.

I’ve seen the steps Mr S followed when he applied for his policy online. He was presented with a screen headed “*Acknowledgements*”. This screen says that it “*strongly recommends*” Mr S reads the TOBA, his policy document, and the Insurance Product Information Document (IPID) prior to purchase. To proceed with the process, Mr S then has to check a box that says, “*I agree to the terms and conditions outlined in the above documents*”.

The TOBA provides information about the industry regulator and confirms the insurance companies Collingwood deals with. Under the heading, “*What you will have to pay for our services?*” it says, “*Cancellation fee...£40*”.

Had Mr S read the TOBA I think he would’ve known about the £40 cancellation fee. There are various other charges detailed in this document, including a £4.50 card processing fee. I think this information is worded clearly. Mr S confirmed he agreed and understood these charges by checking the box and continuing with his application.

Where an administration charge is levied following the cancellation of a policy we expect this to be reflective of the costs incurred. £40 isn’t something we consider unreasonable. If this hadn’t been made clear to Mr S, I might think differently. But it was, and the cancellation fee is set at what our service considers a reasonable level. So, I can’t fairly say that Collingwood did anything wrong here.

I’ve thought carefully about Mr S’s comments that he couldn’t access the policy documents to read this information. But during his application he confirmed that he had. If he wasn’t able to access this information I’d expect him to contact Collingwood or the comparison website he was using. He could then have read the terms and conditions before agreeing to the policy. Similarly, if he wasn’t provided with this information after the policy was agreed, he could again have contacted Collingwood to request it. Mr S had a 14-day cancellation period in which he could’ve cancelled the policy without these fees. So, if he didn’t have access to his policy documents I don’t think he made reasonable efforts to obtain this information.

Having considered all of this I don’t think Collingwood treated Mr S unfairly. I think the policy information he needed was made available, and this was presented in a clear format prior to him agreeing his policy. So, I can’t reasonably ask the business to do any more.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr S to accept or reject my decision before 28 November 2024.

Mike Waldron
Ombudsman