

The complaint

Miss H is unhappy with Extracover Limited trading as Zego's (Zego) decision not to refund an administrative charge applied to her account.

What happened

Miss H held pay as you go (PAYG) insurance with Zego which was taken out in February 2024. The purpose of this policy was to provide cover for her work as a food delivery driver. However, Miss H was unwell after taking out the policy and unable to work. On 22 April 2024, Miss H says she received an email from Zego saying her PAYG insurance had been cancelled and they would refund the prepaid balance of £25 on her account, less a £10 administration fee.

Unhappy with this, Miss H complained. She said she hadn't seen anywhere online or in the policy terms set out that the administration fee could be retained if the account had been inactive for 60 days. Zego responded to Miss H's complaint and said the administration fee had been deducted in line with the policy terms. They said a notification saying the policy would be disabled if it remained inactive was sent to her email address on 17 April 2024. As Miss H didn't use her account, it had been closed in line with the policy terms.

Miss H didn't agree with Zego's response to her complaint and referred her concerns to this Service. It was considered by one of our investigators who said Zego was able to deduct the administration charge.

Zego accepted this conclusion, but Miss H didn't. She said she understood from statements online that if the policy was cancelled, she'd get a full refund of her balance. This case 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.

In the first instance, I'm sorry to read Miss H has been unwell, and in being unwell she hasn't been able to work as she intended. I've considered all she's said. However, I've reached the same conclusion as our investigator for the same reasons.

I appreciate Miss H took out this policy with the intention of working and unfortunately wasn't able to do so. And when she took out the policy, Miss H doesn't consider it was sufficiently clear that an administration fee would be deducted if an account was closed. In making her complaint, Miss H has sent us a screenshot she says is from Zego's website which says *"if you want to close down your account with Zego... We won't charge any administrative costs for cancelling your insurance, and we can issue a refund for the remaining Zego balance."*

I can appreciate why Miss H feels this screenshot supports her case. But this says, *"if you"* (my emphasis on the you) close down your account no administrative fee would be charged.

However, that's not the case here because the policy was cancelled by Zego not by Miss H. So, I don't agree the screenshot Miss H is seeking to rely on applies.

Miss H says she didn't get any advance notification the account might be closed. Zego has shown a notification was sent to the same email address that received the cancellation. I can't say for certain if Miss H received the notification advising her the policy would be cancelled if not activated, but I'm satisfied Zego sent it.

I've been provided with a screenshot of the terms and conditions Zego says Miss H was shown and had to agree to before she could proceed with the account. One of these said:

"If you don't work a shift or link with a work provider within the first 60 days, we'll have the right to disable your account and deduct a £10 fee."

And based on the evidence provided, this is what's happened here. The account wasn't activated and Zego deducted a £10 fee from the balance of Miss H's account when it was disabled.

I'm sorry to disappoint Miss H, because I appreciate she was unable to work because she was unwell. But I can't say Zego acted incorrectly in deducting the fee, and I'm not going to require them to pay it back.

My final decision

My final decision is that I don't uphold Miss H's complaint.

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

Emma Hawkins
Ombudsman