

The complaint

Mr C complains about U K Insurance Limited (“UKI”) handling of his motor insurance policy. All references to UKI also include its appointed agents.

What happened

The details of this complaint are well known to both parties, so I won’t repeat them again here. Instead, I’ve focussed on giving my reasons for my decision.

My provisional decision

I issued a provisional decision on 6 September 2024. In my provisional findings, 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 intend to uphold the complaint for these reasons:

- *UKI have accepted that an internal IT issue has led to repeated problems with Mr C’s direct debit not being collected. On each occasion the payment has failed a text has been sent to Mr C which then led to him calling to make a payment.*
- *UKI has provided internal messages where the direct debit issue was raised with its IT department – who advised them the policy would need to be cancelled and set up as a new one, as there was no fix in place for the issue, so it would keep reoccurring. I can’t see Mr C was ever informed of this.*
- *UKI cancelled the policy due to the problems with payment, but only sent Mr C notification of this by post. In the circumstances, I think it would’ve been reasonable for UKI to send more than one letter and to try two different forms of communication, particularly as it has provided evidence that it has sent text messages to Mr C in the past.*
- *While UKI have said it would’ve provided cover to Mr C and offer him a new policy due to the problems with its system, this wasn’t initially clear to Mr C. Mr C was worried about not having insurance and therefore took out a policy elsewhere at a higher price. UKI have offered to provide a letter to Mr C’s new insurer to explain why his previous policy was cancelled but I don’t think this goes far enough. Insurers rate on many different factors and while the new insurer may adjust the price of Mr C’s policy, he still may be in a position where he has had to pay extra for a policy at a time when had UKI not had system issues, he could have remained insured with it at a lower cost until the expiry of the initial policy.*
- *As such, I think it would be reasonable that UKI reimburse Mr C any difference in premium cost between his old and new policy for the remaining months that would have been outstanding on the UKI policy had it run the full term. (once any applicable adjustment has been made by the new insurer).*
- *I don’t think it would be reasonable for UKI to pay for any difference in price for the whole of the new policy as Mr C will have always needed to either renew or find insurance elsewhere at that point and there is no guarantee of what that price would*

have been.

- UKI offered Mr C a total of £55 compensation for the inconvenience its actions caused. However, in the circumstances I don't think this fairly reflects the inconvenience caused. Due to the IT issues Mr C was caused inconvenience having to make manual payments and then caused worry when the policy was cancelled.
- Given everything I've set out above, I'm minded to recommend the compensation is increased by a further £100, to a total of £155, as I feel this fairly reflects the distress and inconvenience caused to Mr C by UKI's actions. So for these reasons, I intend to uphold this complaint.

Putting things right

To put things right I'm intending to recommend UKI should:

- *Amend and remove any adverse data from relevant databases relating to the policy being cancelled.*
- *Remove any charges or outstanding fees from the policy being cancelled.*
- *Provide Mr C with an indemnity letter he can give to his new insurer to review his premiums.*
- *Mr C can then provide details of any revised premium to UKI. Should Mr C end up paying more for his new policy then UKI should then pay Mr C the difference in premium for the same number of months that were left on his old policy. UKI are entitled to ask for sufficient proof – such as a letter of his new insurer confirming the revised amount.*
- *Pay Mr C a total of £155 compensation.”*

Responses to my provisional decision

Neither party has provided further responses to my provisional 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've reconsidered all the available information. In doing so I see no reason to depart from what I set out in my provisional findings. So, my decision, and the reasons for it, remain the same.

Putting things right

To put things right, I direct UKI to:

- Amend and remove any adverse data from relevant databases relating to the policy being cancelled.
- Remove any charges or outstanding fees from the policy being cancelled.
- Provide Mr C with an indemnity letter he can give to his new insurer to review his premiums.
- Mr C can then provide details of any revised premium to UKI. Should Mr C end up paying more for his new policy then UKI should then pay Mr C the difference in premium for the same number of months that were left on his old policy. UKI are entitled to ask for sufficient proof – such as a letter of his new insurer confirming the revised amount.
- Pay Mr C a total of £155 compensation.

My final decision

My final decision is that I uphold Mr C's complaint.

To put things right I direct U K Insurance Limited to do as I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 18 October 2024.

Michael Baronti
Ombudsman