

The complaint

Mr W and Mrs W are unhappy with how Hastings Insurance Services Limited trading as Hastings Direct (Hastings) communicated with them after a direct debit payment failed.

What happened

In March 2024, Mr W and Mrs W took out a new buildings insurance policy. They intended to make their payments monthly by direct debit and thought this had been set up correctly based on the information contained in the policy documents, which showed the schedule of payments.

Shortly after setting up the policy, Mr W and Mrs W went away. When they returned home they received letters telling them a payment was overdue. They contacted Hastings, and following this conversation believed the problem has been resolved. But they received a further letter telling them there had been another missed payment.

Mr W and Mrs W complained to Hastings. In their final response letter, Hastings agreed they hadn't told Mr W and Mrs W what was happening with regards to the payments on their account. Hastings said when Mrs W phoned them on 22 April, they should have told her there was an outstanding payment to be made on the policy, which continued to be outstanding despite a direct debit instruction in place on the account. Hastings also said when the direct debit was instructed the bank details had been entered incorrectly. So, the direct debit instruction couldn't be set up. Hastings said it would pay £20 for the inconvenience and confusion.

Unhappy with Hastings response, Mr W and Mrs W referred their concerns to the Financial Ombudsman Service. One of our investigators looked into what happened and said Hastings didn't need to do anything more to put things right. Mr W and Mrs W didn't agree, saying Hastings should pay a higher amount of compensation, and their concerns have 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.

There are two issues of concern for me to decide. The first is the issues relating to the direct debit and correspondence that followed. And then there's the inconvenience Mr W and Mrs W say they experienced.

I've looked at the direct debit account information. And it does appear the sort code provided on 29 March 2024 is different from the sort code provided on 19 and 23 April. The reason given for the first direct debit instruction being cancelled was because there was no account to be linked. So, this would suggest the direct debit instruction in March 2024 failed because incorrect account details were provided, and this led to a missed payment.

Following the failed direct debit, Hastings wrote to Mr W and Mrs W on 5 and 15 April 2024 to let them know there was a problem with the direct debit. Mrs W says she found these letters threatening. I've read them and whilst they do say there are consequences to non-payment (such as the recording of missed payments with the credit reference agencies), the letters also offer help and support. In the circumstances, I consider the content of the letters were appropriate. Though I can imagine that returning from holiday to two of these letters when they thought the payment schedule had been set up appropriately might have been worrying.

Mr W and Mrs W tried to update their account details around 19 April, but the new instruction couldn't be completed as the payment due on 22 April was in progress. And it was following this that Mrs W called Hastings to try and resolve the problem. This was the opportunity for Hastings to tell Mrs W that there was a payment due which needed to be paid manually. But the adviser didn't do so. This led to some avoidable confusion and another missed payment notice to be sent to them.

I don't think Hastings did anything wrong in relation to the direct debit – the instruction appears to have failed as a result of incorrect account details being provided. And when payments are missed a business needs to take steps to contact customers. I don't agree the letters were inappropriate. I consider it more likely than not the incorrect account details were provided during the initial direct debit instruction, and this was why the majority of the correspondence was sent. I don't hold Hastings responsible for all the calls Mr W and Mrs W ended up making, or the correspondence they received.

But I do consider Hastings missed an opportunity to put things right and ask Mrs W to make the manual payment when she phoned on 22 April. I can see Hastings quickly acknowledged this, apologised, and paid £20 compensation.

I realise Mrs W considers Hastings ought to increase the compensation it paid. But here, I consider it's caused relatively minor inconvenience in relation to failing to tell Mrs W they needed to make a manual payment on 22 April. And I'm satisfied the quick apology, acknowledgement of its error and compensation payment are appropriate in the circumstances here. I'm not going to require Hastings to do anything more.

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 Mr W and Mrs W to accept or reject my decision before 17 December 2024.

Emma Hawkins

Ombudsman