

The complaint

Ms L complains Advantage Insurance Company Limited pursued her for a premium payment she does not owe.

What happened

Ms L had held a motor insurance policy with Advantage for three years. Her most recent policy was due to end on 5 October 2023.

In early September 2023, Advantage sent Ms L a renewal quotation. Ms L said after receiving the renewal quote, she decided to shop around and found a cheaper policy elsewhere.

On 12 September 2023, Advantage sent Ms L a letter confirming her policy would end on 5 October 2023. And it said it would collect a payment for the outstanding balance of around £80.

Advantage sent another letter on 6 October 2023, advising the premium payment had been unsuccessful and said it would attempt to take the payment from a card held on file. On 14 October 2023, Advantage wrote again; it said its attempts to collect the payment had still been unsuccessful and asked Ms L to pay the outstanding balance.

On 19 March 2024, Advantage wrote to Ms L again about the outstanding balance. It said if it didn't hear back by 2 April 2024, it might instruct a debt collection agency. On 11 April 2024, Advantage sent a further letter which said the debt collector would contact Ms L directly, as the outstanding balance had not been paid.

Ms L complained to Advantage. Advantage responded to the complaint and said it didn't think it had done anything wrong. It provided a list of the premium payments due relating to the 12 month policy. This started with the first payment on 1 November 2022, and showed the last payment was to be taken on 2 October 2023. It said it had attempted to take the final payment in October 2023, but an indemnity was logged with the bank which stopped this. And it said an attempt to take a card payment also failed.

Unhappy with the response, Ms L brought her complaint to this service.

Ms L said she told Advantage she didn't want to renew her policy and instructed it not to take a payment from her account in October 2023. However the payment was taken, so Ms L requested a charge back via her bank. She said she gave notice on 10 September 2023 that she was not renewing her policy due to the increase in price. And she said her payments were always made at the beginning of the month to cover that month, so she was not required to make a payment in October 2023.

An investigator here looked into what had happened and said they didn't think Advantage had done anything wrong.

Advantage made no comment on the investigator's view. However Ms L disagreed. She said the payment on 2 October 2023 was to cover the period 6 October to 5 November 2023. And she said in the past her payment schedule had run from October to September, and at some point Advantage had changed this to run from November to October, but she didn't notice this at the time. She said it now seemed Advantage may have made an error and failed to take a payment from her in October 2021.

So, the 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.

And I've taken into account relevant industry rules and guidance when making my final decision.

If I haven't commented on a particular point in my decision, this doesn't mean I haven't considered it. I'm not required to comment on each and every point, but instead I'm concentrating on the main issues in the complaint. No discourtesy is intended by this; it simply reflects the informal nature of the ombudsman service and my role in it.

Ms L gave notice to Advantage in September 2023 that she didn't want to renew her policy for the following year. The policy is a 12 month contract and Ms L had chosen to pay in monthly instalments, so I'm satisfied she was still required to pay for the existing policy up until it ended on 5 October 2023. Ms L set up a policy with a new insurer to start the day after her Advantage policy ended. So I don't think it's in dispute that Ms L's intention was to remain on cover with Advantage until the 2022-2023 policy ended.

The dispute here has arisen around when the payments for the policy were due and which period they covered. Ms L said she believed the payment on 2 October 2023 was to cover the period 6 October to 5 November 2023. And as her policy ended on 5 October 2023, she believed she was not liable to pay the premium Advantage said was due on 2 October 2023. Whilst I can understand Ms L's line of thinking here, having reviewed the evidence available, I disagree that the payment due on 2 October 2023 was to cover insurance for any period after 5 October 2023. And I'll explain why.

I've looked at the documentation Ms L was sent when she renewed her policy in October 2022. This shows the cover was effective from 6 October 2022 until 5 October 2023. And a payment schedule was provided showing the first payment would be taken on 1 November 2022, with the last being due on 2 October 2023. Ms L made some changes to her policy and was sent an updated payment schedule at the end of March 2023. Again this showed the last of the 12 premium payments on the policy was due on 2 October 2023.

Although Ms L's cover for the policy year 2022 – 2023 started on 6 October 2022, her first premium payment for this policy was not due to be taken until 1 November 2022. The policy ran for 12 months until 5 October 2023, and the premiums were divided across 12 monthly payments. So although the last payment was due on 2 October 2023, which was just a few days before the policy ended, I'm satisfied by the evidence I've seen that this was instalment number 12 for the 2022 – 2023 policy year, and so Ms L was required to pay this.

Ms L has said she had always paid for her policies in the same way and has said Advantage may have made an error in failing to take a payment in October 2021. So I've looked at the payment schedules for Ms L's previous policies with Advantage.

The schedules Advantage sent to Ms L show the first payment for her 2020 – 2021 policy was to be taken on 1 October 2020. For her second policy in 2021 - 2022, the first payment was to be taken on 1 November 2021. And as I've explained, the first payment for the policy running from 2022 - 2023 was to be taken on 1 November 2022. Ms L and Advantage have both told me there was a request for payments to be taken around the first day of the month. So, as the policy in 2020-2021 started on 6 October 2020, it follows that the first payment was due on 1 November 2020 in line with that request. And I'm satisfied Advantage made Ms L aware of when the payments would be taken, by sending her a payment schedule.

In summary I'm satisfied Advantage was entitled to request the premium due on 2 October 2023, as this was in respect of the last instalment for the policy year 2022 – 2023. And this was in line with the payment schedule it provided to Ms L when the policy started. So it follows that I don't think Advantage has acted unfairly in pursuing Ms L for this payment.

My final decision

For the reasons I've given, it's my final decision that I do not uphold this complaint and I make no award against Advantage Insurance Company Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms L to accept or reject my decision before 7 January 2025.

Gemma Warner
Ombudsman