

The complaint

Mr and Mrs S are unhappy with how Hastings Insurance Services Limited trading as Hastings Direct administered their motor insurance policy.

What happened

Mr and Mrs S took out a motor insurance policy via a comparison website. The policy was administered by Hastings. When taking out the policy, Mr S gave information about himself and his vehicle. Amongst other things, he said he'd held his driver's licence for 16 years.

Hastings asked Mr S for evidence of this and other things. During this check, it came to light that Mr S had only held his licence for 15 years, 11 months and a few days. It also came to light that the date on which Mr and Mrs S had purchased their car was incorrect by a day.

Hastings passed this information to the underwriter of the policy who decided that an additional premium was needed to continue with cover. Hastings told Mr and Mrs S about this and said that an amendment fee of £30 would apply.

Mr and Mrs S chose to cancel the policy. However, the 14-day cooling-off period had elapsed at this point, so Hastings applied a £45 cancellation fee. Mr and Mrs S thought this was unfair, so they complained. Hastings looked into the complaint but didn't think they'd done anything wrong.

Unhappy with this, Mr and Mrs S referred their complaint to the Financial Ombudsman. Our investigator looked into the matter and thought it should be upheld. Hastings didn't agree so the matter was passed to me.

I didn't think the complaint should be upheld. I issued a provisional decision setting out why. 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'm not intending to uphold the complaint. I know this will be disappointing for Mr and Mrs S, especially after our investigator thought that it should be upheld. I've explained my reasons below. I've focused my comments on what I think is most relevant. If I haven't commented on a specific point, it's because I don't believe it affects what I consider to be the right outcome.

I should first explain what I can and can't hold Hastings responsible for. Hastings are the administrators of the policy. They're not the underwriter. This is important because it means Hastings are not responsible for the underwriter's decision to charge a higher premium based on the answers Mr and Mrs S gave at the point of sale. Nor are Hastings responsible for evaluating the accuracy and reasonableness of those answers. Instead, Hastings were responsible for gathering the necessary evidence to verify the answers, and to apply any fees in line with their terms of business. Mr S has said he found the online form confusing. But Hastings has shown

that this form belonged to the comparison website. So, I can't hold Hastings responsible for this.

I've reviewed the correspondence between the parties to understand how Hastings carried out the validation check. The check started a couple of weeks after Mr and Mrs S purchased their policy, so I can understand why they feel that Hastings could have done this sooner. But much of that time was before the policy had started – and I wouldn't expect any checks to be carried out before then.

I can see Hastings asked Mr and Mrs S for evidence to verify their answers around a week into the policy. I've reviewed the information Hastings have provided about this check and I don't think a week was unreasonable. It also meant there was around a week of the cooling-off period left. But, by the time this ended, Hastings were still waiting for a key document from Mr and Mrs S. So, I don't think they could have reasonably completed the check before the cooling-off period ended – and I don't think they unfairly delayed things.

Regarding the amendment fee, once the underwriter decided that an additional premium was due, Hastings needed to carry this out. I've checked Hastings' terms of business, and they say a £30 fee will be due for policy amendments. This is what Hastings told Mr and Mrs S they would charge. I don't consider it unfair or unusual and I can see it was set out in Mr and Mrs S's sales documents. So, I'm satisfied the fee was quoted correctly and fairly.

Regarding the cancellation fee, Hastings' terms of business say that a £45 fee will be due if the policy is cancelled 14 days or more after the policy start date. Mr and Mrs S cancelled their policy around 17 days after the policy start date – so I'm satisfied the fee was due.

I appreciate Mr and Mrs S feel the cooling-off period should've reset after they were told about the additional premium. But the regulatory rules make no allowance for this.

Instead, the rules allow firms to charge a cancellation fee outside the 14-day cooling-off period – and I think £45 is fair, proportionate and in line with industry practice. So, I don't think Hastings need to refund this.

I'd like to reiterate that I haven't been able to consider whether Mr and Mrs S took reasonable care to answer the questions at the point of sale or whether it was correct and fair to charge an additional premium in the first place. These are matters for the underwriter, not Hastings, so I cannot decide them here.

I'm sorry to give Mr and Mrs S unwelcome news. But I'm satisfied that Hastings have acted fairly and reasonably and in line with their terms of business. So, I don't intend to tell them to do anything further."

Responses

Hastings didn't respond to my provisional decision.

Mr S was disappointed with my provisional decision. He disagreed with how long he'd held his licence for. He said he'd held it for 15.97 years – and the crux of his complaint is that he had to choose either 15 or 16 years, so he picked 16. He said this is what a reasonable person would've done, and he didn't think it should've resulted in almost £100 of extra costs.

Mr S said Hastings had asked for the extra information after he and Mrs S had purchased their policy. So, when Hastings said an additional premium was due, he didn't have all the relevant information to make an informed decision within the cooling-off period. He said if he'd known the true price from the start, he wouldn't have continued with the policy. He said the policy was cancelled within two weeks of receiving the relevant information. He said he didn't think it was fair for Hastings to change information and then charge a fee for doing so. He felt this trapped him into making a quick decision with both options involving high costs.

He also pointed out that it was not just the £45 cancellation fee but various other charges as well. He didn't think it was fair for a '0.03 day' discrepancy to result in such costs.

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'd first like to address the discrepancy over how long Mr S had held his licence for. According to Hastings' notes, Mr S obtained his driving licence in early February 2008. I won't share the exact date. Mr and Mrs S purchased the policy on 12 January 2024. So, at that time, Mr S had held his licence for 15 years, 11 months and a few days.

Even so, I've explained in my provisional decision that Hastings are not responsible for evaluating the fairness or reasonableness of Mr and Mrs S's answers at the point of sale. I do sympathise with why Mr and Mrs S gave the answers that they did – but this was not for Hastings to consider. Hastings' role was to gather the necessary evidence to verify the answers and to apply any fees in line with their terms of business.

I'm still satisfied that Hastings would have been entitled to apply an amendment fee, because the underwriter had decided that an additional premium was due and so the policy needed to be amended. I'm also satisfied that Hastings were entitled to apply a cancellation fee because Mr and Mrs S cancelled their policy after the cooling-off period.

Regarding Mr and Mrs S not knowing the 'true' price of the policy before the end of the cooling-off period, I think this stems from the additional information Hastings needed to verify and the underwriter's decision to charge an additional premium. I can't hold Hastings responsible for that. I also don't think Hastings took an unreasonable amount of time to verify the information, for the reasons I set out in my provisional decision.

There were other costs associated with the cancellation. This included Hastings' arrangement fee of £20. It also included time-on-cover charges of around £25 for core cover and around £3 for add-on cover. Hastings' terms of business say they'll apply a £20 arrangement fee for setting up a policy. They also say:

"If you or we cancel a policy, any fees, such as the arrangement fee, incurred before cancellation are nonrefundable, as is the cost of your insurance for the number of days you've been insured."

So, I'm satisfied Hastings were entitled to apply the fees that made up part of the overall cancellation costs, and that these were applied in line with their terms of business.

Once again, I'm sorry to give Mr and Mrs S unwelcome news. I recognise why they're unhappy. But, for what I'm able to hold Hastings responsible for, I don't think they've done anything wrong.

I've reviewed the complaint again and my opinion hasn't changed. So, my provisional

decision and my comments here are now the findings of this, my final decision.

My final decision

For the reasons above, I don't uphold Mr and Mrs S's complaint about Hastings Insurance Services Limited trading as Hastings Direct.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs S to accept or reject my decision before 24 December 2024

Chris Woolaway
Ombudsman