

The complaint

Mr P complains that, after cancelling policies he held with Domestic & General Insurance Plc, it continued to collect direct debit payments from his bank account. He's unhappy his payments haven't been refunded.

What happened

In 2014, Mr P inceptioned plans to cover the boilers within two rental properties which he owned. These plans covered for Mr P, as a landlord, for all parts, labour, and call out charges in the event of a boiler breakdown. The plans were initially set up as service agreements between Mr P and another business. However, in 2019, they became insurance agreements between Mr P and Domestic & General Insurance Plc (DGI).

Mr P told our service that he sold his rental properties in 2016 and, at around that time, contacted DGI by telephone to confirm he wanted to cancel both boiler policies. DGI disputes this and has stated its records from that period are no longer available to confirm what Mr P has said about this due to the passage of time.

Mr P said, after cancelling his policies with DGI, he'd assumed that payments towards these policies would no longer be collected by direct debit. But he said DGI continued to collect direct debit payments from his account. He said these payments continued until 29 March 2024 when he he'd contacted DGI to discuss the errors it had made with DGI policies he held against other properties he owned. He said that, when discussing these other policies, he became aware that the two policies he believed he'd cancelled in 2016 were still active and that payments were still being collected in relation to these policies.

In May 2024, both policies that are the subject of this complaint were cancelled by DGI and a complaint was raised on Mr P's behalf, which was upheld. In its final response to the complaint, DGI explained that due to a data irregularity, which it believed had occurred at some point between 2019 and 2020, Mr P's customer contact details were inadvertently changed. So, renewal notices and other communication about the policies may not have been sent to Mr P. And if they were sent, they would've been incorrectly addressed.

DGI offered to refund Mr P £442.16 as a goodwill gesture to recognise the error it had identified as a result of investigating his complaint. But it declined to refund all policy premiums Mr P had paid since 2016, after the sale of his rental properties, because it said there was no evidence he'd contacted it to cancel his policies.

Being dissatisfied with DGI's response to his complaint, Mr P referred it to our service. Our investigator looked into what had happened and informed Mr P that DGI wasn't responsible for arrangements in covering the boiler prior to 2019. As such, our investigator explained to Mr P that our service couldn't ask DGI to refund any premiums paid by him between 2016 and 2019 under this complaint.

In assessing what happened after 2019, our investigator initially didn't recommend upholding Mr P's complaint. They thought Mr P ought to have been aware that the direct debits were still active and that payments were still being collected by DGI against the policies he

asserted he'd cancelled. And they thought Mr P ought to have acted sooner in challenging the payments that were debiting his account. They were also satisfied that the goodwill gesture DGI had offered was fair and reasonable in the circumstances.

Following our investigator's initial view of this complaint, Mr P presented new evidence. He explained that he owned 10 other rental properties with various DGI policies on each. He asserted that he wouldn't have easily noticed payments leaving his account for policies that were no longer active. DGI also confirmed that policy documentation may not have been sent to Mr P after 2019 due to a system error. And it stated that, if documentation had been sent to him, it would've been sent to the insured address and addressed to another individual. So, Mr P wouldn't have potentially seen the correspondence sent.

Our investigator reassessed Mr P's complaint in light of this new information and reached a different view. They recommended upholding this complaint because they weren't persuaded Mr P would've been aware that the policies were still active due to errors in communication by DGI. And they were satisfied that, because Mr P had sold his properties, DGI wasn't covering any risk. Our investigator therefore recommended that DGI resolve this complaint by refunding the premiums Mr P had paid since 2019 and paying 8% interest from the date the payments had been made by him until the date repaid.

Mr P accepted our investigator's second view of his complaint. But DGI disagreed and asked an ombudsman to decide this complaint.

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 like to thank Mr P and DGI for their detailed submissions about what happened. I've read and considered all the information provided, but I'll concentrate my decision on what I think is relevant to decide the complaint. If I don't comment on any specific point, it's not because I've failed to take it on board and think about it, but because I don't think I need to comment on it to reach what I think is the right outcome.

This service is an informal dispute resolution service. When considering what's fair and reasonable, I'm required to take into account a number of matters, which include relevant law and regulations, regulators' rules, guidance and standards, codes of practice, the terms and conditions of any insurance policy and, where appropriate, what I consider to have been good industry practice at the relevant time. I'm not limited to the position a court might reach.

The issue that I must determine is whether DGI made a mistake, or treated Mr P unfairly, such that it needs to now put things right. Having thought carefully about everything they've both said, I'm persuaded that the conclusions our investigator reached in their second view of this complaint are fair and reasonable. I'll explain why.

As I explained in the background to this complaint, Mr P has been making payments in relation to boiler care for two rental properties since 2014 when the policies were inceptioned. Prior to 2019, the payments were made under a service agreement and DGI is not responsible for that arrangement. As our investigator informed Mr P, DGI is only responsible for what happened from 2019 onwards when the service agreements became contracts of insurance. I agree with that position.

I've seen evidence showing that, in around 2016, Mr P sold the properties which were covered by the two boiler policies that are the subject of this complaint. He contends that he informed DGI he'd sold his properties shortly after the sales process completed and

instructed it to cancel his policies. But DGI said there's no evidence he took such action. And it refutes that he contacted it by telephone to terminate the policies in question.

DGI has argued that Mr P isn't able to share evidence of cancellation such as a telephone bill. But DGI can't provide evidence of any telephone records either. Indeed, the passage of time means that there's no evidence of any calls made in 2016 because the records haven't been retained or preserved, which isn't unexpected.

In thinking about what most likely happened here, I'm mindful that it would be reasonable for Mr P to cancel both policies with DGI after selling the properties the policies were attached to. He no longer needed these policies and there'd be no reason for him not to cancel his policies. It's logical and reasonable action for a landlord to take having sold his rental properties. He'd no longer be responsible for the boiler within a rental property he'd sold. So, the policy would no longer be required by him.

In considering what's reasonable, I'm persuaded it's more likely than not that Mr P would've contacted DGI shortly after selling his rental properties, as he's indicated, to cancel his policies. And I think the policies should have been cancelled following Mr P's instructions to do so. Continuing to collect the direct debit payments was unreasonable and unfair.

DGI has disclosed that an error and data irregularity, which it believes occurred at some point during 2019 to 2020, led to the customer details it held for Mr P inadvertently changing. It's clear from what DGI has said this may have impacted on the information that was sent to Mr P about his policies. I'll explain why.

The evidence that DGI has shared with our service indicates that the system issues it experienced may have prevented renewal notices from being posted to Mr P. And the policy correspondence that DGI was able to post out was sent to the insured address, which was no longer owned by Mr P. It was also incorrectly addressed to another individual. So, I'm not persuaded that Mr P would've seen, or had access to, any correspondence that DGI may have been sending about the policies he said he'd cancelled in 2016.

Had Mr P seen correspondence relating to the policies he believed he cancelled, this would've offered a clear indication to him that his policies were still active. And I think this would've, likely, prompted him to check his bank account to see if payments were still being collected against these policies. But that opportunity was lost and this wasn't Mr P's fault.

DGI asserts that Mr P hasn't behaved proactively as, had he checked his bank account, he'd have realised that payments were still being collected against the policies he said he cancelled. And DGI contends that this would've led to prompt action being taken by Mr P to query why policy payments were still debiting his account.

I've thought carefully about the argument DGI is making here. But this situation is complicated by the fact that Mr P owned around 10 other properties, with several other DGI policies relating to appliances within them. So, he'd have been making payments to DGI for a number of other policies in addition to those he'd wanted to cancel. Had he asked his bank for a list of all direct debits, it simply would've shown those that were held with DGI without distinguishing which direct debits applied to which policy. And this all would've made it more difficult for Mr P to notice that the two policies he'd wanted to cancel were still active.

I also bear in mind that the policy payments debiting Mr P's account weren't for significant amounts – the largest monthly payment being around £35. Small payments would've been easier to overlook each month than larger payments. And it's plausible that small payments would've gone unnoticed by Mr P in such circumstances.

Overall, I'm not persuaded that checking his bank account would've assisted Mr P in easily determining that the policies he'd wanted to cancel were still active and that he was still making payments towards them. It follows that I reject the argument DGI made that checking his account would've led to Mr P acting sooner.

I'm also satisfied that the circumstances leading to Mr P becoming aware that he was still making payments towards the two policies that he'd cancelled in 2016 are credible. I say this because he contacted DGI in March 2024 about errors it had made in relation to other policies he held. And it was, when discussing those policies, that he became aware of the previous policies still being active. It's clear from the evidence I've seen that, on becoming aware that his policies hadn't been cancelled, Mr P acted without delay to escalate his concerns about that by way of a complaint.

Finally, as Mr P had sold his rental properties that were covered by the boiler insurance policies and no longer had any responsibility for any boiler related issues, I'm satisfied that DGI wasn't at risk of paying a claim after the properties were sold. And, in circumstances where DGI wasn't covering any risk, it would be unfair for it to retain the premiums paid.

Putting things right

For the reasons set out above, I'm upholding Mr P's concerns about what happened. To resolve this complaint, DGI should reimburse the premiums Mr P paid from the date in 2019, when the service agreements became contracts of insurance, to the date his policies were cancelled in 2024. It should also pay 8% simple interest from the dates the payments were made by Mr P until the date of settlement. Any refunds already made to Mr P prior to him referring his complaint to our service may be deducted from the directed resolution.

My final decision

My final decision is that I uphold this complaint. I require Domestic & General Insurance Plc to:

- Refund the premiums paid on the two policies that are the subject of this complaint since the date in 2019, when the service agreements became contracts of insurance, to the date his policies were cancelled in 2024. From this sum any refunds already made may be deducted.
- Pay simple interest at a rate of 8% per annum from the date the payment was made by Mr P to the date of settlement*.

*HM Revenue & Customs requires Domestic & General Insurance Plc to take off tax from this interest. Domestic & General Insurance Plc must give Mr P a certificate showing how much tax it's taken off if he asks for one.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 6 May 2025.

Julie Mitchell
Ombudsman