

The complaint

Mr B complains about how BISL Limited, an insurance intermediary, administered his motor insurance policy.

What happened

There's been considerable confusion in this case. In summary, Mr B had a motor insurance policy administered by BISL. In October 2023, it sent Mr B a renewal invitation and offered to arrange renewal from 1 November 2023 at a premium of £342.90. Mr B accepted that quote. On 2 November 2023, BISL made an error and collected £555.35 from Mr B's nominated account - £212.45 more than the renewal quote.

There's a dispute about subsequent credits and debits to Mr B's bank account. BISL says Mr B asked his bank to initiate a chargeback, which led to a credit to Mr B's account of £212.45. Mr B says he didn't request a chargeback. I'll refer to the relevant movements to and from Mr B's bank account in more detail below. It's sufficient to say here that BISL sent Mr B correspondence about his payment and subsequently cancelled his policy on 30 January 2024 for non-payment of premium. Mr B complained about that. During the course of Mr B's complaint, he received compensation amounting to £325. BISL has now offered to pay Mr B a further refund of £50.04.

Mr B complains that this matter has been protracted and worrying. He says he was unfamiliar with the term 'chargeback' until BISL mentioned it some months into the dispute. Mr B says he's spent a considerable amount of time dealing with the matter. He says he hasn't used his car since his insurance was cancelled in January 2024, which has caused him inconvenience. Mr B says he's at risk of paying a higher premium when he does insure his car.

Mr B wants to understand what's happened. He wants BISL to insure his car for a year for a premium of £342.90. Mr B also wants a letter of apology and compensation.

One of our Investigators looked at what had happened. She thought BISL's offer of a refund of £50.04 was fair and reasonable. The Investigator said BISL had refunded all the money it owed to Mr B and paid him compensation of £325 in total, which she thought was fair.

Mr B said he hadn't been able to use his car since the cancellation of his policy. He wants compensation of over £1,000 for not being able to use his car and the expense of using other transport. Mr B also wants compensation for his costs in corresponding with BISL and a copy of BISL's calculations. He wants BISL to remove the record of cancellation from his records.

The Investigator considered what Mr B said but didn't change her view. As there was no agreement between the parties, the complaint was passed to me to decide.

My provisional decision

On 22 January 2025, I sent both parties my provisional decision in this case in which I indicated I'd come to a different outcome than had been suggested before. I said:

'I've taken into account the law, regulation and good practice. Above all, I've considered what's fair and reasonable.

Where there's a dispute about what's happened - as there is here - I come to a decision based on what I think is most likely to have happened, based on the available evidence and the surrounding circumstances.

I asked BISL to provide a statement showing the movements on Mr B's account since the invitation to renew in October 2023. I've shared that statement with Mr B. I'm afraid BISL's statement didn't provide the whole story but I've cross referenced the information it has provided with Mr B's bank statements. I set out below my understanding of the debits and credits to Mr B's bank account.

<i>date</i>	<i>description</i>	<i>amount</i>	<i>commentary</i>
<i>1 November 2023</i>	<i>premium due</i>	<i>£342.90</i>	
<i>2 November 2023</i>	<i>amount collected by BISL</i>	<i>-£555.35</i>	<i>BISL collected £212.45 more than the premium due.</i>
<i>7 December 2023</i>	<i>bank credit</i>	<i>+£212.45</i>	<i>chargeback – the bank reclaimed the amount in dispute and credited it to Mr B's account - Mr B had paid the correct premium at this point (BISL also paid compensation of £175)</i>
<i>12 December 2023</i>	<i>BISL refunded the overpaid premium and interest</i>	<i>+£214.72</i>	<i>BISL didn't take into account the chargeback credit Mr B had already received when it refunded £212.45, with interest</i>
<i>10 January 2024</i>	<i>Mr B's bank reversed the refund</i>	<i>-£212.45</i>	<i>Mr B had paid the correct premium at this point</i>
<i>3 February 2024</i>	<i>refund following cancellation of Mr B's policy</i>	<i>+£104.37</i>	<i>BISL retained premium for the time spent on cover and intermediary and cancellation fees.</i>
<i>3 June 2024</i>	<i>further credit from BISL</i>	<i>+228.75</i>	<i>BISL says this was a refund of £76.70, net interest of £2.05 and compensation of £150</i>

It's common ground that BISL made an error in collecting £555.35 from Mr B's bank account, instead of the agreed premium of £342.90. Mr B's bank credited his account with £212.45 on 7 December 2023. Mr B says he didn't instigate a chargeback claim. A chargeback claim is the process by which a cardholder, Mr B in this case, can ask his card scheme to reclaim money when there's a dispute.

On balance, I think it's more likely than not that Mr B made a chargeback request of his bank. I appreciate Mr B says he was unfamiliar with the term 'chargeback' until BISL mentioned it. I assume Mr B contacted his bank to dispute the transaction and it seems the bank initiated a chargeback on his behalf. Mr B's bank isn't a party to this complaint, so I don't make a finding about that. I mention it only to suggest how it might have occurred.

I think BISL made an error in refunding £214.72 to Mr B on 12 December 2023, as Mr B's bank had already credited him with the amount of the overpayment. In doing so, the bank would have debited BISL's account. I appreciate there may be a slight delay in BISL reconciling its accounts, but we'd expect BISL to be aware of debits to its account before issuing a refund to Mr B that wasn't due to him.

BISL's error in sending Mr B a refund that wasn't due to him meant that Mr B hadn't paid the correct premium. In those circumstances, I don't think BISL acted unfairly or unreasonably in contacting Mr B on 27 December 2023 and asking to speak to him about his payment. BISL's notes show that Mr B contacted BISL on 4 January 2024 and 5 January 2024 and said his bank would be in touch with BISL regarding his account.

On 10 January 2024, Mr B's bank reversed the refund of £212.45. That meant that BISL was in receipt of the correct premium. I don't think BISL acted fairly and reasonably in either continuing to pursue Mr B about payment of the premium or in cancelling his policy. BISL says that it hasn't recorded a cancellation marker in this case. BISL should confirm the cancellation of Mr B's policy isn't recorded on any internal or external database and inform the underwriter of Mr B's policy that it cancelled the policy in error.

Overall, Mr B paid BISL £555.35 and BISL has refunded premium amounting to £397.84 (a total refund of £547.84 less £150 which was compensation). So, in effect, Mr B has paid a premium of £157.51. Mr B's policy was on cover from 1 November 2023 to 30 January 2024. BISL is entitled to collect a premium for that. BISL should provide a calculation of the charge for the time the policy was on cover. As I've found that BISL acted unfairly and unreasonably in cancelling Mr B's policy, I don't think it would be fair and reasonable for it to charge Mr B its cancellation fee. And given the errors in this case I think it's fair and reasonable for BISL to waive its intermediary fee. BISL should refund to Mr B any amount due to him following this calculation, with interest.

Mr B has asked that BISL arrange insurance for his car at the premium of £342.90 it offered in October 2023. There are no grounds on which I can fairly direct BISL to do that and I don't think that would be a fair resolution of this complaint.

Mr B says he hasn't used his car since BISL cancelled his policy. He's provided screenshots showing a potential new insurer declining to give him a quote after he's answered 'yes' to a question about whether he's ever had insurance cancelled. There are specialist insurers who provide cover for individuals who've had a previous policy cancelled, albeit at a higher premium than Mr B would ordinarily expect to pay. On balance, I don't think BISL is responsible for the fact that Mr B didn't use his car after it cancelled his policy, as it was open to Mr B to find cover elsewhere. So, I don't propose to direct BISL to pay compensation for loss of use of Mr B's car or for the costs he incurred in using alternative transport.

Mr B has referred to the number of hours he's spent dealing with this matter and his previous hourly rate in his employment. When considering cases of this nature, we don't proceed on the basis of an individual's hourly rate. Instead, we look at the effect of any errors on the individual. I think this matter has been confusing and distressing for Mr B. BISL collected the wrong amount from him then confused matters by giving Mr B a refund that wasn't due to him. BISL went on to cancel his policy in error. Mr B didn't understand why BISL was pursuing him for payment and was distressed and inconvenienced by BISL's requests for payment and reference to debt collectors. He was also distressed by the cancellation of his policy. BISL has already paid Mr B compensation of £325. I think that's fair and reasonable in this case. In reaching that view, I've taken into account the nature, extent and duration of Mr B's distress and inconvenience caused by BISL's errors in this case.

Mr B wants a letter of apology from BISL. BISL apologised to Mr B in its e-mail to him of 30 May 2024. Whilst BISL didn't identify all of its errors in that e-mail, I don't intend to direct BISL to provide a letter of apology, as a forced apology can be seen as insincere.'

Responses to my provisional decision

BISL responded to say it accepted the provisional decision and didn't wish to add anything further. Mr B didn't agree with the provisional decision and said he doubts the original debit of £555.35 was an error. He queried why BISL didn't refund the additional amount when he first raised this matter. Mr B asked whether the cancellation of his policy was a second error and why it was 12 weeks after BISL initially collected the wrong payment.

Mr B said BISL sent him a demand for £87 in March 2024 and questioned whether this was a further error. He doesn't understand why BISL made so many errors and finds it unacceptable: he thinks BISL should be investigated and shut down.

Mr B said insurers either decline to insure or charge a much higher premium following the cancellation of a policy and it's not fair for him to pay a higher premium through no fault of his own. He said he hasn't received a breakdown of billing from BISL. Mr B said he spent a considerable amount of time dealing with this matter and doesn't agree that the compensation is fair.

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 looked again at what happened here. As I said above, there's been considerable confusion in this case. We asked BISL to provide a statement showing the movements on Mr B's account but what it provided wasn't accurate or sufficient to aid Mr B's understanding of what had happened. I'm satisfied that the table above shows the relevant credits to and debits from Mr B's bank account. BISL's handling of Mr B's account was muddled and confusing.

I've seen no evidence to suggest that BISL's initial error in collecting a higher premium than was required was anything other than an error. BISL says after Mr B contacted it about renewal and payment, it actioned a manual renewal and confirmed the premium of £342.90 but failed to recognise that the premium had increased to £555.35 on its system, which is why it charged Mr B an incorrect amount.

It's not clear to me why BISL didn't correct this matter when Mr B first raised the issue but there was subsequent confusion as a result of the chargeback. I think BISL's subsequent request for payment of £87 was part of its confusion in this case.

BISL made several errors. This service isn't the regulator: we can't investigate firms or direct them about how they do business generally. We can look at individual complaints and come to a decision we think is fair and reasonable.

Following BISL's error in cancelling the policy, Mr B didn't pay a higher premium for cover with a different insurer. If he'd done so, we would have dealt with that financial loss as part of the redress. The redress I set out in my provisional decision includes a direction to BISL to confirm the cancellation isn't recorded on any internal or external databases and to inform the underwriter that it cancelled the policy in error. I've added a requirement that BISL provides Mr B with a copy of its letter to the underwriter, which Mr B can show to future insurers.

Mr B complains he hasn't received a breakdown of his account from BISL. The information BISL did provide was inaccurate and confusing. I direct BISL to provide Mr B with a calculation of the charge for the time the policy was on cover. Together with the information in the table above showing the debits and credits to Mr B's account, I think that provides Mr B with the information he needs.

I've looked again at compensation for Mr B's distress and inconvenience. I've noted what Mr B says about this. Considering everything, for the reasons I've previously given, I remain of the view that the compensation of £325 BISL has already provided is fair and reasonable in this case.

Neither Mr B nor BISL has provided any fresh information or evidence in response to my provisional decision. I therefore find no basis on which to depart from my earlier conclusions. For the reasons I've explained, I think BISL made several errors in its administration of Mr B's policy.

Putting things right

In order to put things right, BISL should:

- confirm the cancellation of Mr B's policy isn't recorded on any internal or external database,
- inform the underwriter of Mr B's policy that it cancelled the policy in error and provide Mr B with a copy of that letter,
- provide Mr B with a calculation of the charge for the time the policy was on cover and waive its cancellation and its intermediary fee and
- refund to Mr B any amount shown to be due to him after the calculation above, with simple interest at the rate of 8% a year from the date of the cancellation of the policy, to the date of payment.

My final decision

My final decision is I uphold this complaint and direct BISL Limited to take the steps I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 18 March 2025.

Louise Povey
Ombudsman