

## **The complaint**

Miss D complains Haven Insurance Company Limited hasn't provided a refund she thinks she's owed after it unfairly cancelled her policy.

## **What happened**

Miss D made a claim on her Haven insurance policy. It felt she'd been using the car for commuting, when she wasn't covered for that, and so didn't pay her claim, and it cancelled the policy.

Miss D complained about Haven's decision to the Financial Ombudsman Service. An Investigator upheld the complaint, she recommended Haven reinstate the policy and meet the claim. However, Miss D said she'd since sold the car, and didn't have a need for cover to be reinstated. As such, our Investigator recommended Haven issue a pro-rata refund, only charging Miss D for the time she was on cover. Both parties accepted that outcome and the complaint was resolved.

Sometime later, Miss D contacted this Service again, she said he hadn't received any refund due.

Haven issued a complaint final response letter in October 2024. It said its premium was £3,882 for the policy term, but Miss D paid more than this as she had a finance agreement with the broker. It accepted it had calculated the refund slightly wrong due to the policy term being a leap year. It said that meant a further refund of just over £5 was due, which it would instruct the sub-broker to refund.

But it didn't accept any further payment should be made to Miss D. It said it had provided the refund of premiums to the sub-broker, who settled the finance agreement on Miss D's behalf. Haven said Miss D would need to raise the matter with the broker and see what fees and charges it might have applied.

Our Investigator was satisfied Haven had calculated its refund correctly. She said commission and fees charged by the brokers would have always applied, whether the insurance was cancelled or not, so she didn't think Haven needed to refund those. She also didn't think Haven had acted unfairly in issuing the refund of premiums to the broker, she said this is in line with Miss D's policy terms and common when a finance company is used to fund the insurance policy.

Miss D didn't accept that outcome, she still felt a sum of around £190 was missing. She also said Haven should've issued the refund to her, rather than speaking to the broker. She said her and Haven had agreed, as a resolution to the previous complaint, for her to receive the refund directly, so this is what should happen.

## **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.

Having done so I agree with the outcome reached by our Investigator, for the same reasons. And so, in keeping with the informal nature of this Service, my findings will be brief.

It seems Miss D's position is that since her and Haven agreed she'd be refunded directly, it has then acted unreasonably in sending her pro-rata refund to her broker. She said if this was a court case and two parties agreed on something and one didn't follow through, that party would be in breach.

It's important to set out that this isn't a court, this is an informal Service. Whether Miss D thought Haven had agreed to refund her directly, or not, isn't relevant to the outcome. It's my role to decide if Haven has acted fairly and reasonably in providing the pro-rata refund to the broker, and I consider it has. I've explained why below.

Miss D didn't pay Haven for the cost of her insurance policy, the finance company did that, arranged by the broker. Miss D then reimburses the finance company through a finance agreement, spreading the cost of the insurance policy over the year in monthly instalments. The terms of Miss D's policy make clear that in the event the policy is cancelled, any refund will be issued to the broker. The terms also say when cancelling a policy, a pro-rata refund will be issued, which means she'll only have to pay for the time she was on cover.

Miss D's insurance policy with Haven cost her around £3,800. Haven issued a pro-rata refund to the finance company of around £1,800. Miss D has asked where the other amount (of around £2,000) went and who it was paid to. However, it wasn't paid to anyone, it was kept by Haven for the time that it insured her vehicle, that is how a pro-rata refund works.

Haven has explained how it worked out the pro-rata refund. I'm satisfied it hasn't made an error in doing so, now that it's re-calculated the refund to account for the fact the policy was taken out in a leap year.

I'm also satisfied Haven has paid the refund to the broker. So it follows that I'm not going to require Haven to do anything more to resolve matters. If Miss D feels that the broker (or any other party) has kept any money that she's fairly entitled to, then she'd need to complain to whichever party that is. This Service can't investigate third parties to a complaint, it simply isn't the role of this Service.

### **My final decision**

My final decision is I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss D to accept or reject my decision before 15 July 2025.

Michelle Henderson  
**Ombudsman**